

Policy Number & Title:	04-07-PY23 ACO Program Settlement PY 2023
Responsible Department:	Finance
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- I. **Purpose:** This policy describes OneCare Vermont’s (“OneCare”) risk-sharing framework and the Program Year 2023 guidelines for ACO Program Settlement.
- II. **Scope:** This Policy is applicable to the OneCare Workforce, Board of Managers, Committees, Participants, and Preferred Providers.
- III. **Definitions:** Capitalized terms have the same definition as defined in OneCare’s *Policy and Procedure Glossary*. For the purposes of this Policy, the terms below have the following meanings:

Accountability Pool means a pool of monthly contributions made by Accountable Participants, which are designated for funding Shared Losses generated by ACO Programs, if any.

Accountable Participant means a Participant that has been Assigned Attributed Lives for an ACO Program with downside risk for Shared Losses.

ACO Program Settlement means the financial implementation of an ACO Program Settlement Amount, which involves either: (1) the apportionment and distribution of Shared Savings or other monies owed; or (2) the collection and remittance of Shared Losses and other monies owed.

ACO Program Settlement Amount means the amount of Shared Savings or Shared Losses generated under an ACO Program as reported to OneCare by the Payer following a Program Year.

Assignment means the process by which OneCare Assigns Attributed Lives to an Accountable Participant. Once this process is completed the person becomes an Assigned Attributed Life. See OneCare’s *03-06 Assignment of Attributed Lives Policy*.

Budgeted Expenditures means all expenditures approved by the Board of Managers in OneCare’s Budget for a fiscal year (1/1 to 12/31), which may include administrative costs, Population Health Management or Care Coordination payments, pilot payment programs, and contributions to reserves.

Risk-Bearing Entity (“RBE”) means a hospital Participant that bears downside risk on behalf of its HSA for Shared Losses generated by ACO Programs, if any. RBEs bear downside risk only for Shared Losses in excess of available Accountability Pool funds for an ACO Program within the HSA.

Shared Risk or Shared Losses is more particularly defined by each ACO Program, but generally means the portion of Performance Year spending that was greater than expected spending for the ACO Program and must be returned to the Payer.

Shared Savings is more particularly defined by each ACO Program, but generally means the portion of Performance Year spending that was less than expected spending for the ACO Program and is available for distribution according to the terms of this policy.

IV. ACO Program Settlement Policy

A. OneCare Risk-Sharing Framework

- i. Each individual HSA will be subject to a limitation on the Shared Savings its RBE and Accountable Participants are eligible to receive. Likewise, each individual HSA will have a limitation on the potential downside risk for payment of Shared Losses. Limitations on Shared Savings and Shared Losses are calculated separately for each ACO Program and for each HSA.
- ii. For ACO Programs with the downside risk of Shared Losses, Accountable Participants will contribute \$1.50 per Assigned Attributed Life per month to its HSA's Accountability Pool, based on a fixed estimate of mid-year Assigned Attributed Lives for the ACO Program. For additional information on estimated mid-year Assignment, see OneCare's *04-19-PY23-25 Participant Population Health Model and Payments Policy*.
 - a) Accountability Pool contributions are designated for funding Shared Losses generated by ACO Programs.
 - b) Accountability Pool contributions can be made monthly as part of the Accountable Participant's program payment, or deferred (with a year-end settlement for Shared Savings or Shared Losses). Accountable Participants who wish to defer Accountability Pool contributions must indicate their preference to do so in writing during the contracting process.
- iii. Hospitals will serve as the RBE on behalf of each individual HSA, meaning the Hospital Participant/RBE bears downside risk for Shared Losses, but only those Shared Losses in excess of available and deferred Accountability Pool funds within the HSA for the ACO Program.

B. Financial Implementation of ACO Program Settlement

- i. In financially implementing ACO Program Settlement, OneCare shall: (1) make a reasonable attempt to validate the ACO Program Settlement Amount reported to OneCare by the Payer; (2) apportion the Shared Savings OR Shared Losses generated by the ACO Program to each HSA and the HSA's Accountable Participants and RBE, including disbursement of Accountability Pool funds (see Section IV.B.ii, iii, below); (3) reconcile fixed payments or other monies owed (see Section IV.C, below); and (4) facilitate the exchange of payments (see Section IV.D, below).
- ii. When OneCare earns Shared Savings generated by an ACO Program:
 - a) Any funds held in the Accountability Pool will be refunded and there will be no further liability for those Participants that elected to defer Accountability Pool contributions.
 - b) Shared Savings designated for certain Budgeted Expenses will be spent accordingly, with any remaining Shared Savings allocated as follows:
 1. Ninety percent (90%) to the participating HSAs based on the proportion of Attributed Lives Assigned to each HSA for the Performance Year. From that amount, Accountable Participants in the HSA will be paid a Shared Savings "match," in an amount up to the sum of all Accountability Pool contributions made or deferred during the Performance Year, with any remaining Shared Savings being paid to the HSA's RBE.

2. Ten percent (10%) to HSAs with exceptional cost and/or quality outcomes within the Performance Year (as determined by the Board of Managers).
- iii. When OneCare is liable for Shared Losses generated by an ACO Program
 - a) Shared Losses will be allocated to the participating HSAs based on the proportion of Attributed Lives Assigned to each HSA for the Performance Year.
 - b) The HSA's Accountability Pool funds will be used to pay the HSA's portion of Shared Losses owed to the Payer. Accountability Pool funds will be exhausted as needed, with any unused Accountability Pool funds being refunded to the funding Participants. For those Participants that elected to defer Accountability Pool contributions, their portion of Shared Losses will be charged as an offset to other payments scheduled to be made to the deferring Participants (ex. fixed payments, other program payments). If a Participant's portion of Shared Losses exceeds the total amount of scheduled payments to the Participant, OneCare will invoice for Shared Losses separately, which must be paid to OneCare within thirty (30) days of the invoice date. Participants that fail to remit payment in a timely manner will be considered in bad standing and may be subject to corrective action or loss of other benefits of good standing (including loss of the ability to defer Accountability Pool contributions in the future).
 - c) Any outstanding Shared Losses remaining after the HSA's Accountability Pool has been exhausted will be paid by the RBE.
 - iv. For ACO Programs for which full risk is held centrally by OneCare, final settlement calculations will be approved by the Board of Managers. No Shared Savings or Shared Losses will be owed to or from RBEs or Accountable Participants. The settlement of these ACO Programs is still subject to reconciliation of fixed payments and other monies owed (see Section IV.C, below).

C. Reconciliation of Fixed Payments and Other Monies Owed

- i. For ACO Programs with unreconciled fixed payments:
 - a) Hospital Participants: To minimize the potential negative impact of changes in clinical referral patterns between hospitals or HSAs, the component of each hospital Participant's fixed payment for care provided to patients Assigned to another HSA will be pooled at the Network level, resulting in proportionally equivalent reimbursement across the Network. Consequently, liability for monies owed by or credited to a hospital Participant may be accounted for at Settlement.
 - b) Comprehensive Payment Reform (CPR) Practices: There will be no reconciliation of the fixed payments. Other reconciliations may apply as defined by OneCare's *04-08-PY23 Comprehensive Payment Reform Program Policy*.
 - c) If there is a payment reconciliation between OneCare and a Payer, the reconciled amount will be applied to RBEs and Accountable Participants in a manner consistent with the nature of the underlying reconciliation between OneCare and the Payer.

- ii. For ACO Programs with reconciled fixed payments:
 - a) Hospitals: The fixed payment paid to the hospital Participant will be reconciled in full to the FFS equivalent value. This can result in an amount owed to, or due from the hospital Participant, as accounted for in the Performance Year settlement.
 - b) Comprehensive Payment Reform (CPR) Practices: There will be no reconciliation of the fixed payments. Any balance owed to or due from the Payer will be allocated to hospitals participating in the ACO Program and/or reconciled fixed payment, on a pro-rata basis, based on Shared Savings or Shared Losses in the ACO Program (or as otherwise directed by the Board of Managers). Other reconciliations may apply as defined by OneCare's 04-08-PY23 Comprehensive Payment Reform Program Policy.

D. Cash Exchange

- i. Once settlement calculations have been approved by the Board, monies owed by any RBE will be charged as an offset to other payments scheduled to be made to the RBE (ex. fixed payments, other program payments). If the amount owed by an RBE exceeds the total amount of scheduled payments to the RBE, OneCare will invoice for the monies owed separately, which must be paid to OneCare within thirty (30) days of the invoice date.
- ii. All RBEs, Participants and/or Preferred Providers owed money from OneCare will receive payments within forty-five (45) days of final approval of settlement calculations, with payment being contingent upon OneCare receiving payment of the ACO Program Settlement from the Payer(s) and/or receiving payment of money owed by other network RBEs.

E. Ongoing Review: Some ACO Program Agreements allow for review of results after final settlement. If an ACO Program Payer reviews and changes settlement calculations, it is considered a material change in circumstances, permitting reconsideration of settlements previously transacted under this policy.

V. Review Process: This policy shall be reviewed annually and updated to be consistent with requirements set forth by OneCare Board of Managers, OneCare leadership and regulatory bodies.

VI. References:

- OneCare's Policy and Procedure Glossary
- OneCare Risk Bearing Participant and Preferred Provider Agreement:
 - Exhibit A Performance Year 2023 Program of Payment

VII. Related Policies/Procedures:

- 03-06 Assignment of Attributed Lives
- F04-03 OneCare Vermont Shared Savings Calculation and Distribution Process
- 04-08-PY23 Comprehensive Payment Reform Program PY 2023
- 04-19-PY23-25 Participant Population Health Model and Payments

Management Approval:

Derek Raynes
Director, Payment Reform

May 18, 2022
Date

LR
Vice President, Finance

6/7/2022
Date

Sara E Barry
Chief Operating Officer

06/17/2022
Date