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GREEN MOUNTAIN CARE BOARD

Green Mountain Care Board Recent Updates

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Overview

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Updates on GMCB's work:

1. ACO 2020 Revised Budget
2. ACO 2021 Oversight Timeline
3. APM Updates
4. Rate Review
5. Hospital Sustainability
6. Hospital Budgets

Questions?

ACO FY20 Revised Budget

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- On July 29, GMCB staff provided an analysis on OneCare's FY 2020 revised budget.
  - July 29th Presentation
- At that time, the staff did not identify any necessary budget order amendments.
- Staff is finalizing the FY20 revised budget analysis and any necessary Board vote on OneCare's FY20 revised budget is TBD.
- Monitoring and reporting on FY20 budget order conditions ongoing through Q4.

ACO FY20 Revised Budget - Highlights

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- Budget order adjusted for operational relief (April 2020)
- Revised budget submitted reduced revenues and expenses 11.9% due to COVID-19 impact (July 2020)
- Open budget order items:
  - Quarterly financials (ongoing)
  - Provider network changes
  - Final BCBS contract
  - Actuarial certification for commercial contracts
  - Changes to the risk model
  - Population health management investments
  - Evaluation of the all-payer model through the ACO oversight process
  - ACO Performance Dashboard
  - Recalculation of 2020 benchmark

Budget Components (FY20)

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($ millions)	FY20 Budget (Oct 1)	% of Total	FY20 Budget (Jun 16)	% of Total	Var (%)	Weighted Ave Var (%)
TOTAL REVENUE	**$1,424.6**		**$1,255.6**		**-11.9%**	
Payer Revenues for Provider Reimbursement	$1,362.2	95.6%	$1,204.7	95.9%	-11.6%	-11.1%
Payer Program Support (Incl. Blueprint)	$19.0	1.3%	$19.9	1.6%	4.6%	0.1%
State Support	$16.6	1.2%	$11.0	0.9%	-33.7%	-0.4%
Participation Fees (Hospital Dues)	$24.5	1.7%	$18.2	1.5%	-25.5%	-0.4%
Other (Grants & Deferred Revenue)	$2.3	0.2%	$1.8	0.1%	-21.4%	0.0%
TOTAL EXPENSE	**$1,424.6**		**$1,255.6**		**-11.9%**	
Provider Reimbursement	$1,362.2	95.6%	$1,204.7	95.9%	-11.6%	-11.1%
OneCare Admin Expense	$19.3	1.4%	$14.9	1.2%	-22.6%	-0.3%
Population Health Investments	$43.1	3.0%	$36.0	2.9%	-16.5%	-0.5%
Gain/Loss	*$0*	*0%*	*$0*	*0%*	*0%*	*0%*

ACO Oversight Timeline FY2021

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Jul 1 2020
GMCB issues ACO oversight guidance

Sept 1 2020
ACO submits certification materials

Oct 1 2020
ACO submits budget

Oct 2020
ACO budget hearing

Oct-Nov 2020
ACO 2019 results available

Nov-Dec 2020
GMCB staff make ACO budget recommendations

Jan-Feb 2021
GMCB issues budget order

Mar 2021
GMCB review of attribution, payer, contracts

Note: Special public comment period will be open October 1st through when the Board votes on the budget submission.

APM Updates

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GMCB published the Scale Target Alignment Report for 2019, and despite ambitious targets, this report suggests there is still room to grow provider participation.

Vermont worked with CMMI to reduce the Medicare risk corridor beginning in 2021, which is expected to result in increased participation in the Medicare program (Rutland).

Note: This information is based on preliminary submissions.

APM Updates

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Expected Participation 2021:

- 13 of 14 Vermont hospitals confirmed, plus Dartmouth-Hitchcock Medical Center;
- 9 of 9 current FQHCs confirmed (CHCRR is expanding to the Medicare program);
- 26 of 31 independent primary care practices confirmed (4 new independent practices joining the CPR program);
- All of our Designated Mental Health Agencies and Home Health Agencies are confirmed;
- We are still working with some SNFs to finalize details over the next few days.

Note: This information is based on preliminary submissions.

Rate Review

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- The Board held hearings for the Vermont Individual & Small Group plans on July 20 and 21 and held a public comment forum the evening of July 21.
- At the request of the insurers, the Board postponed the decision to August 14, 2020 to allow them to consider the FY21 Hospital Budget submissions.
- The Board's decisions were issued on August 14, 2020.
  - GMCB August 14th Press Release
  - BCBSVT Decision & Order / MVP Decision & Order

Rate Review Decisions

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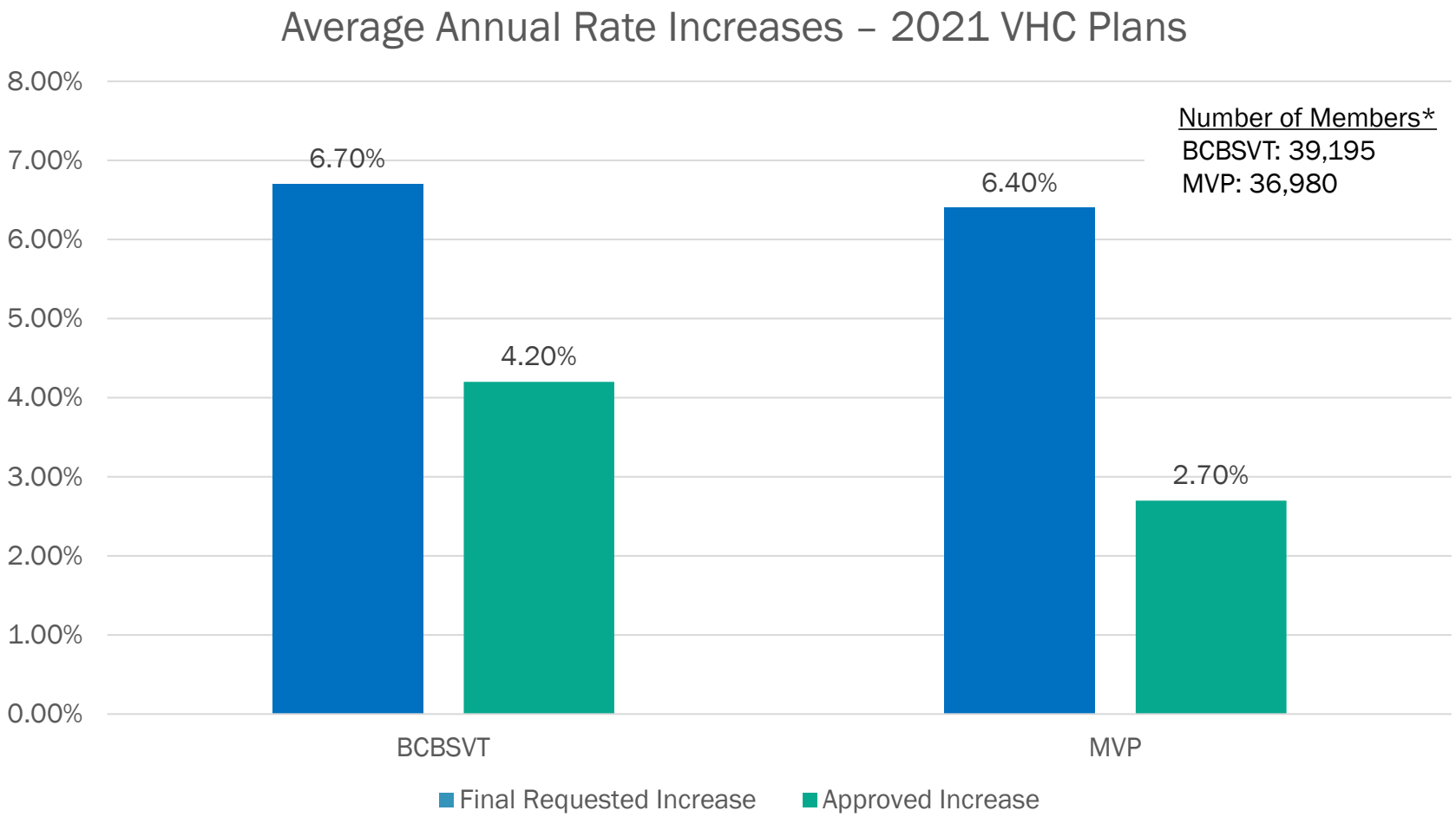

*From submitted 2020 filings

BCBSVT Decision

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PERCENTAGE[1] COMPONENTS OF 2021 ORDERED RATE INCREASE

Rating Component	Initial Submission	Final Submission	Board Ordered
1. 2019 Actual/Projected Claims Experience	1.9%	1.9%	1.9%
2. Difference in trend from 2019 to 2020	0.3%	0.2%	0.2%
3. Trend from 2020 to 2021	8.9%	9.3%	8.8%
4. Changes to Population Morbidity Adjustment	1.1%	1.1%	1.1%
5. Demographic Shift	-2.7%	-2.7%	-2.7%
6. Plan Design Changes	-1.0%	-1.0%	-1.0%
7. Changes to Other Factors	-0.9%	-0.9%	-1.5%
8. Manual Rate Impact	0.0%	0.0%	0.0%
9. Changes due to Reinsurance	0.0%	0.0%	0.0%
10. Changes to Risk Adjustment	-1.4%	-1.2%	-1.2%
11. Changes in Exchange User Fees	0.0%	0.0%	0.0%
12. Changes in Actuarial Value	1.8%	1.8%	1.8%
13. Changes in Administrative Costs	1.0%	0.8%	0.6%
14. Changes in Taxes & Fees	-2.4%	-2.4%	-2.4%
15. Changes in Contribution to Reserves	0.2%	0.2%	-0.9%
16. Changes in Single Contract Conversion Factor	-0.2%	-0.2%	-0.2%
Total Proposed Rate Increase	**+6.3%**	**6.7%**	**+4.2%**

1 The percentage changes are multiplicative and may not sum to the totals.

MVP Decision

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PERCENTAGE[1] COMPONENTS OF 2021 ORDERED RATE INCREASE

Rating Component	Initial Submission	Final Submission	Board Ordered
1. 2019 Actual/Projected Claims Experience	1.4%	1.4%	1.4%
2. Difference in trend from 2019 to 2020	-0.7%	-0.7%	-0.7%
3. Trend from 2020 to 2021	7.1%	7.4%	6.5%
4. Changes to Population Morbidity Adjustment	-0.3%	-0.3%	-1.6%
5. Demographic Shift	0.0%	0.0%	0.0%
6. Plan Design Changes	-4.6%	-4.6%	-4.6%
7. Changes to Other Factors	-1.0%	-1.0%	-1.0%
8. Manual Rate Impact	0.0%	0.0%	0.0%
9. Changes due to Reinsurance	0.0%	0.0%	0.0%
10. Changes to Risk Adjustment	1.2%	0.0%	0.0%
11. Changes in Exchange User Fees	0.0%	0.0%	0.0%
12. Changes in Actuarial Value	4.7%	4.7%	4.7%
13. Changes in Administrative Costs	0.2%	0.2%	-0.1%
14. Changes in Taxes & Fees	-1.1%	-1.1%	-1.1%
15. Changes in Contribution to Reserves	0.0%	0.0%	-1.0%
16. Changes in Single Contract Conversion Factor	0.5%	0.5%	0.5%
Total Proposed Rate Increase	**7.3%**	**6.4%**	**2.7%**

1 The percentage changes are multiplicative and may not sum to the totals.

Sustainability Planning

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- On July 15, GMCB staff outlined the Hospital Sustainability Planning to the Board and proposed framework.
  - July 15th Presentation
  - July 15th Proposed Vermont Hospital Sustainability Framework (Draft)

- On August 5, the Board approved the hospital sustainability framework presented by GMCB staff and delegated staff to establish metrics to begin Phase 1 (Assessment of Hospital Financial Health).
  - August 5th Presentation

Sustainability Planning Framework

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1. **Financial Health of the Hospital:** GMCB will provide hospitals with financial indicators (along with state/regional medians and benchmarks where relevant), identifying those metrics for which the hospital is at risk, and ask hospitals to identify strategies for improved financial performance.
2. **Ensuring Provision of Essential Services:** This stage will ask hospitals to assess the provision of essential services in their communities, identify service gaps and finally, develop plans to ensure the sustainable delivery of essential services as we move to a value-based world.
3. **Sustainability of Other Services:** This stage seeks to illuminate the efficiency and quality with which hospitals deliver other services (beyond those defined as "essential" by the AHA), and how the delivery of these services supports the hospital's ability to operate in a value-based world. Essentially this stage asks hospitals to conduct service line optimization viewed through the lens of value-based payment, not fee-for-service.
4. **Strategic Planning:** The purpose of this final stage is for hospitals to reflect on the analyses of prior stages and discuss their plans for sustainability in a value-based world, recognizing those barriers and opportunities that are within as well as outside of their control.

Sustainability Planning: Adjusted Timeline

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Phase I
Assessment of Hospital Financial Health
~December 2020

→

Phase II
Ensuring the Provision of Essential Services
~March 2021

→

Phase III
Sustainability of Other Services
~May 2021
(w/ non-Financial Reporting)

→

Phase IV
Planning for Sustainability in a Value Based World
~July 2021
(w/ FY 2022 Budget)

GMCB to receive in time to inform FY 2022 Hospital Budget Guidance

GMCB to receive in time to inform APM 2.0 proposal development, due to CMMI December 2021

**Subject to change pending COVID resurgence in the fall of 2020*

Hospital Budgets

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- In May, the Board voted to postpone the FY21 Hospital Budget Submission deadline to July 31, 2020 and adopted abbreviated guidance.
- Hospital Budget hearings were held August 18, 20, 24, 26, and 28.
- FY21 Board deliberations have been held on September 2, 9, 15, and 16.
  - September 2nd Presentation
  - September 9th Presentation
- On September 9, the Board approved to extend the FY21 Hospital Budget decision deadline to September 25, 2020, pursuant to the authority granted to the Board in Act 91 of 2020. Board Member Tom Pelham also proposed draft language for the hospital budget decisions.
  - Proposed Language

All Vermont Community Hospitals

Fiscal Year 2021 Budget Analysis

INCOME STATEMENT	2019 A	2020 B	2020 PROJ	2021 B	2019A-2020P	2020B-2020P	2020B-2021B	2020P-2021B
Revenues								
Gross Patient Care Revenue	**$5,620,723,474**	**$5,807,875,120**	**$5,293,056,972**	**$6,305,428,888**	**-5.8%**	**-8.9%**	**8.6%**	**19.1%**
Disproportionate Share Payments	$22,721,686	$22,782,671	$23,670,522	$22,609,651	4.2%	3.9%	-0.8%	-4.5%
Graduate Medical Education (UVMMC only)	$30,000,000	$30,000,000	$32,293,753	$30,000,000	7.6%	7.6%	0.0%	-7.1%
Bad Debt	-$85,112,035	-$83,253,454	-$79,447,505	-$93,469,791	-6.7%	-4.6%	12.3%	17.6%
Free Care	-$45,031,467	-$46,571,630	-$44,731,755	-$53,372,211	-0.7%	-4.0%	14.6%	19.3%
Deductions from Revenue	-$3,218,774,923	-$3,408,434,395	-$3,128,025,236	-$3,793,180,159	-2.8%	-8.2%	11.3%	21.3%
Net Patient Care Revenue	**$2,324,526,736**	**$2,322,398,313**	**$2,096,816,751**	**$2,418,016,378**	**-9.8%**	**-9.7%**	**4.1%**	**15.3%**
Fixed Prospective Payments, Reserves & Other								
Fixed Prospective Payments	**$274,411,758**	**$395,414,708**	**$330,036,574**	**$408,082,319**	20.3%	-16.5%	3.2%	23.6%
Reserves	**-$9,864,870**	**-$1,000,000**	**-$6,383,695**	**-$8,614,548**	-35.3%	538.4%	761.5%	34.9%
Other Reform Payments	**$470,602**	**$518,620**	**$4,765,049**	**-$10,354,593**	912.5%	818.8%	-2096.6%	-317.3%
Fixed Prospective Payments, Reserves & Other	**$265,017,490**	**$394,933,328**	**$328,417,928**	**$389,113,179**	**23.9%**	**-16.8%**	**-1.5%**	**18.5%**
Total NPR & FPP	**$2,589,544,226**	**$2,717,331,641**	**$2,425,234,679**	**$2,807,129,557**	**-6.3%**	**-10.7%**	**3.3%**	**15.7%**
COVID-19 Stimulus and Other Grant Funding	$0	$0	$152,622,019	$1,479,796				
Other	$227,399,213	$217,904,611	$257,863,985	$268,743,625	13.4%	18.3%	23.3%	4.2%
Other Operating Revenue	**$227,399,213**	**$217,904,611**	**$410,486,005**	**$270,223,421**	**80.5%**	**88.4%**	**24.0%**	**-34.2%**
Total Operating Revenue	**$2,816,943,439**	**$2,935,236,252**	**$2,835,720,684**	**$3,077,352,978**	**0.7%**	**-3.4%**	**4.8%**	**8.5%**
Expenses								
Salaries, Fringe Benefits, Physician Fees, Contracts	$1,623,801,115	$1,681,734,837	$1,676,809,625	$1,770,822,088	3.3%	-0.3%	5.3%	5.6%
Medical/Surgical Drugs and Supplies	$267,859,914	$268,955,512	$318,833,453	$366,782,598	19.0%	18.5%	36.4%	15.0%
Health Care Provider Tax	$145,702,680	$155,700,026	$148,288,743	$157,758,139	1.8%	-4.8%	1.3%	6.4%
Depreciation/Amortization	$110,186,941	$127,838,573	$124,625,037	$122,589,838	13.1%	-2.5%	-4.1%	-1.6%
Interest - Short and Long Term	$20,900,737	$24,042,162	$24,110,149	$24,184,508	15.4%	0.3%	0.6%	0.3%
Other Operating Expenses (includes ACO Participation Fees)	$627,390,964	$610,451,941	$548,191,035	$578,766,151	-12.6%	-10.2%	-5.2%	5.6%
Operating Expense	**$2,795,842,352**	**$2,868,723,052**	**$2,840,858,041**	**$3,020,903,324**	**1.6%**	**-1.0%**	**5.3%**	**6.3%**
Net Operating Income	**$21,101,087**	**$66,513,200**	**-$5,137,357**	**$56,449,654**	**-124.3%**	**-107.7%**	**-15.1%**	**-1198.8%**
Non Operating Revenue	**$32,615,840**	**$36,386,396**	**-$13,183,862**	**$35,862,106**	**-140.4%**	**-136.2%**	**-1.4%**	**-372.0%**
Excess (Deficit) of Rev over Exp	**$53,716,927**	**$102,899,596**	**-$18,321,219**	**$92,311,760**	**-134.1%**	**-117.8%**	**-10.3%**	**-603.9%**
Income Statement Metrics								
Operating Margin %	0.7%	2.3%	-0.2%	1.8%				
Total Margin %	1.9%	3.5%	-0.6%	3.0%				

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Questions