OneCare Responses to GMCB Questions Received December 11, 2020
FY2021 Budget

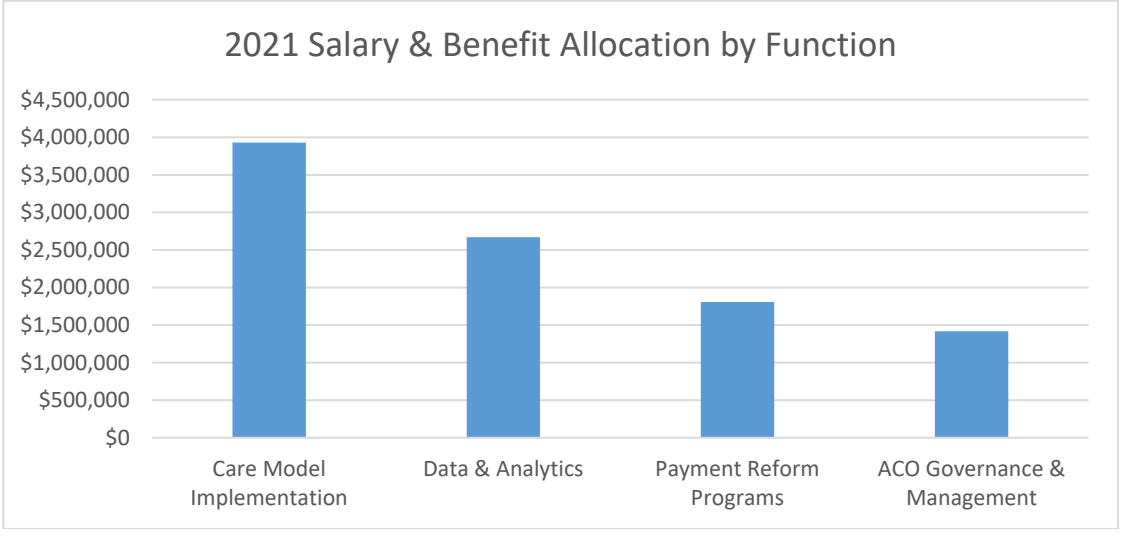
1. **Administrative Expenses – Explain the rationale for increasing administrative expenses, particularly in light of the fact that the health care system is still operating within a pandemic and investments in population health and payment reform programs are not increasing over the prior year (which was adjusted in spring 2020 in response to the onset of the pandemic). In your response, be as specific as possible, for example, staff identified the following uncertainties:**

   It appears that the GMCB's label "admin" applies to OneCare's entire 2021 budget of $16.1M. OneCare references this as our operating budget as all staff and leaders have interaction directly with and/or provide direct support for OneCare's network. These functions include negotiating with payers and providers on satisfactory terms, providing data and analytics (cost, quality, utilization), supporting the care model, disseminating knowledge and best practices, providing tools to support the care model, testing and refining payment reform programs (e.g. CPR), ensuring timely and accurate payments to our network, and implementing ACO waivers. True "admin" expenses are limited to areas including regulatory oversight, compliance, and ordinary operating expenses (ex. occupancy and supplies).

   OneCare also does not share the perspective that operating expense are increasing in 2021. The COVID-19 pandemic caused a tremendous amount of uncertainty in the spring of 2020. OneCare, like many businesses, responded to the uncertainty by installing a financially-conservative strategy until more information was known regarding the duration and severity of the pandemic. The resource allocation during this period should not be used to evaluate ongoing operating needs for the organization, particularly as the organization is still in a period of growth. During this period and continuing forward, staff have stretched to backfill for key roles left vacant in order to support mission critical "essential needs," however, operating in this manner longer term is not sustainable for staff or the organization. A more appropriate comparison of operating expense change is to the original 2020 budget, which included a $19.2M investment in the healthcare reform efforts. The 2020 operating expense budget of $16.1M represents a significant reduction in resources for OneCare. This reduction reflects OneCare's narrowing focus on core programs and the reduction of pilot initiatives such as specialty care projects during these trying times.

   - **How do investments in human capital align with ACO core programs and model of care (e.g. are there salaries included in admin that directly support particular population health programs, analytics, quality improvement etc.)?**

     The teams within OneCare are organized by function, but support initiatives in a collaborative manner. This work is centered around three distinct areas: care model implementation, data and analytics, and payment reform programs. ACO Governance and Management consists of aspects of legal, compliance, government affairs, and regulatory oversight. As the number of network participants, payer contracts, program initiatives, regulatory requirements, and overall complexity has increased, OneCare has scaled staffing growth in a manner designed to ensure adequate network support and to meet growing administrative demands. The following chart displays the staff resource allocation by initiative.



- **Restoration of pre-COVID vacancies totaling $496K: Explanation of prorated FTEs increasing by over 5 FTEs but total FTEs by position reduced by over 2 FTEs (source: Appendix 6.2 Income Statement). Please provide the number and nature of these vacancies being restored.**

  The overall workforce (without proration for time of hire) was reduced by 2.6 FTEs when comparing the revised 2020 budget to the 2021 budget. However, some positions were frozen in the 2020 budget and will be restored in the 2021 budget. This is why there is an overall resource reduction, but when comparing the budgeted paid (i.e. prorated) FTEs there is an increase.

  The reduction in 2.6 FTE is a result of the elimination of 2.1 FTE of clinical staff (education and medical and move toward a shared FTE in the Director of Care Coordination, of which 0.4 FTE is funded through OneCare) and 0.5 FTE of contracting staff.

  Due to the temporary hiring freeze in 2020 and subsequent evaluation of operational needs in OneCare's 2021 budget, a total of 5.62 FTE adjustments were realized. This includes annualizing 1.62 FTE that were hired at various times during 2020 and revised positions in 2021 including 0.5 FTE in analytics, 2.5 FTE in finance (accounting), and 1.0 FTE supporting ongoing quality data collections.

- **Unexplained salary variance of $170K: Salaries & benefits moved as a delta of $1,470,000 over prior year. The explanation we received only covered $1,300,000. (source: variance table and responses provided 12/4/20)**

  The answer previously supplied was designed to reconcile with the $1.3M figure referenced in the question submitted to OneCare. Reconciling to this approximated year-over-year change resulted in the $170k variance, which is included in row 1 of the table below. The following table is a precise reconciliation between the 2020 (revised) and 2021 salary budgets:

#	Type	Amount $	Driver/Reason/Value of Investment
1	Net impact of vacancy reinstatements and other positional changes in 2021	$666,161	Reinstatement of positions as noted in prior question
2	Reinstatement of compensation	$595,029	Restoration of temporary COVID-related salary and benefit reductions
3	2% Cost of Living Increase	$208,992	Annual increase for continuing staff
Total		**$1,470,182**	

- **Reinstatement of pre-COVID leadership compensation amounting to $595K: Does this include back pay, salary increases? Which positions are affected?**

  This process restored temporary reductions for all OneCare leadership at the level of Director or above. The $595K consists of restoration of temporary salary and benefit reductions due to COVID and does not reflect back pay or salary increases.

- **OneCare Vermont's budgeted increase in the GMCB billback from FY20 to FY21 is unexpected. GMCB is working on the FY21 billback amount, but we expect that the FY21 billback will be in the same ballpark as the FY20 billback of $366,111.15 OCV paid in May 2020. While GMCB's overall budget has been largely level funded, the billback did increase from FY19 $208,145.39 to $366,111.15 in FY20 due to the Administration and Legislature's much debated decision to remove our Global Commitment funds. Please explain why OCV's budgeted billback is increasing from FY20 to FY21.**

  OneCare sourced the ACO billback amount from the GMCB's FY20 budget. The materials for that presentation can be found here: https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Appropriations/FY%202020%20State%20Budget/C.%20Human%20Services/19-0730~Kevin%20Mullin,%20Chair,%20Green%20Mountain%20Care%20Board~FY20%20Budget%20Presentation~2-5-2019.pdf

  In light of the fact the FY21 information was unavailable at the time the OneCare budget was developed, using the FY20 budgeted amount per the slides was determined to be a reasonable basis. OneCare understands that the GMCB's FY21 budget will be presented in early 2021 and will incorporate an updated figure, along with other updates afforded by the passage of time, into its revised budget model.

- **Please elaborate further on why supplies and occupancy costs are increasing in total about $245,000. With staff working from home, why is OneCare's footprint increasing in terms of occupancy costs? Further, again with staff working from home, why would supplies also be increasing so significantly (about $2,000 per FTE)?**

  The supply line is budgeted entirely level, but includes a new expense for mobile monitoring technology as part of the self-management program. Occupancy is conservatively budgeted due to COVID. The lease for the building currently occupied by OneCare ends in April of 2021 but includes a provision to stay in the property with an automatic 10% rent increase. At the time the budget was

developed it was uncertain whether OneCare will extend the lease. In light of this uncertainty, the budget factored in an anticipated period of paying the extra rental amount.

2. **Sources and Uses – The Appendix 6.4 *Sources and Uses* table is inadequately defined, including the November 25th resubmission of the table. It is unclear from your submission which funding sources are certain or under negotiation. Please define each of the sources in the column headers and explain assumptions around certainty of funding sources for FY21.**

   During the budget development process OneCare management evaluates the potential revenue streams and includes only those that are perceived to have a reasonable likelihood of collection. With the exception of a Robert Wood Johnson agreement, none of the contracts that formally secure funds coming from non-network sources have been executed, that is each of these sources remain under negotiation; however, the perceived likelihood of collection has not changed with the exception of the Blueprint Self-Management Initiative. OneCare received new information this week that AHS will re-evaluate this initiative as part of the APM Implementation Improvement Plan. The information, as well as potential budget impacts, are now under review and OneCare anticipates updating the GMCB in the spring budget revision process. Revenues from network sources (ex. hospital dues) are formalized through participant agreements and have been executed.

   The following table supplies a more granular description of the specific revenues included in each column.

Medicare	Vermont Medicare ACO Initiative contract
Medicaid	Vermont Medicaid Next Generation contract
Commercial	Commercial ACO agreements with BCBSVT and MVP
Hospital Dues	Hospital Dues
Other State/Federal	Deliver System Reform dollars
Fixed Payment Allocation	Portion of the Medicaid fixed payment used to fund care coordination
Blueprint Self-Management Contract	Contract with the State of Vermont to facilitate a self-management program
Shared Savings	Shared savings, or income from settlements with hospitals if no shared savings are earned, that are used to fund Blueprint initiatives
Deferred Revenue	Hospital funding that was deferred in a prior period and being recognized in the 2021 fiscal year
Misc. Other	Robert Wood Johnson, Vermont Department of Health, and Cigna Accountable Care revenues

3. **Comprehensive Payment Reform Program—The Board collects reporting on the CPR Program twice yearly. This reporting will be incorporated into the proposed ACO Reporting Manual. To follow-up on the question from Member Holmes at the meeting, please explain why CPR funding is not increasing from 2019 (~$1.3M) to 2021 ($1.2M) if there is an addition of four new entrants into the program?**

   The CPR program financial methodology is evolving in 2021 to align with the transition to a variable population health management (PHM) payment model as well as the care coordination payment model that reimburses for actual engagement. Starting in 2021, those two payment streams will be shifted outside of the CPR payments, and accounted for under the Basic OneCare PHM and Care Coordination Program

expense lines. As a result, the total CPR expense line item is lower on a per-practice and per-attributed life, but practices still have access to the same general magnitude of financial resources. This evolution was discussed in depth with participating CPR practices as well as the OneCare Finance Committee and Board of Managers, who approved of the change to the program policy.

4. **Projected Surplus or Loss—Provide the GMCB with the projected 2020 surplus or loss figures and any plans to draw down reserves.**

   As submitted in the budget, OneCare management currently projects a $0 surplus/loss. This will ultimately be decided by OneCare governance committees and our Board, but $0 remains management's best estimate at this point in time. It will be summer 2021 before programs are settled and the 2020 accounting is finalized. Towards quarter two, OneCare Management will estimate any surplus or loss and make a recommendation to OneCare's governance on whether to defer and reinvest funds, return them to dues-paying members, or increase reserves.

   There are no current plans to draw down or use reserves.

5. **Information on Contract Negotiations – CONFIDENTIAL TRADE SECRET**

   - [redacted]