



To: Susan Barrett, Michael Barber, Alena Berube, Marisa Melamed, Sarah Tewksbury, and Health Care Advocate Policy Team
From: Sara Barry
CC: Vicki Loner, Tom Borys, Amy Bodette, Joan Zipko
Date: August 21, 2020
Subject: Response to GMCB memo dated 8/12/20 entitled "FY2020 revised budget monitoring and reporting follow-up"

Dear Green Mountain Care Board and Health Care Advocate Policy Teams:

In response to Green Mountain Care Board's follow up questions on 8/12/20, we are including the following information requested.

1. The FY20 Budget Order requires actuarial certification for each commercial program to be provided by OneCare (FY20 Budget Order Condition #5.c.ii). OneCare provided this in 2019 for the commercial QHP 2019 shared savings program in accordance with the budget order (received 1/28/19). During the FY20 budget process OneCare did not indicate an issue meeting this condition again. It is our understanding that OneCare is involved in the negotiations regarding the trend rates used to develop the financial targets for FY20 QHP programs (see FY20 Budget Order Finding #48); the GMCB finds OneCare's response that they are not the appropriate recipient of this request and directing us to the commercial insurers instead to be insufficient (OneCare response 7/20/20). Does OneCare seek an actuarial review as part of these negotiations and rate development (See "Commercial QHP" FY20 Budget Submission, p.21)? If OneCare cannot supply the actuarial certification through its actuary Milliman, OneCare needs to facilitate compliance with the budget order by working with the payers. Please describe how OneCare will meet this budget order requirement for FY20.
When agreeing to a benchmark, OneCare uses its contracted actuaries to review the methodology and data provided by the commercial procurer, however since OneCare does not have access to the whole data set, OneCare's actuaries cannot certify their findings in the manner expressed in the budget order. As previously noted, OneCare has identified this challenge to GMCB staff. OneCare has reached out to our contracted actuaries to explore possible options and we will keep the GMCB apprised of our progress.
2. OneCare staff indicated possible changes to the risk model since the responses provided 6/19/20 and 7/20/20, what is the status of any changes?
In accordance with Budget Order 9, OneCare is required to notify the GMCB if there is a change made to the risk sharing model. In the July 2020 board meeting, the OneCare Board of Managers approved adoption of a policy that affects the way in which risk is shared within the OneCare network for the 2020 performance year. This policy states that rather than setting HSA-specific total cost of care targets and calculating individual HSA savings/loss results, any aggregate savings or losses earned in a program will be allocated to participating HSAs proportionally based on attribution. The HSA savings/losses are then the responsibility of the risk bearing entity



for the HSA, which remains the local hospital. OneCare will submit a copy of the approved policy as part of the next quarterly policy update.

3. Regarding the revised financial statements submitted 7/27/20:

- a. Balance Sheet projections are unchanged since 10/1/19? Provide explanation.

None of the budget updates are expected to result in a material change to the anticipated 12/31/20 balance sheet. Therefore, the balance sheet projection remains unchanged.

- b. Provide explanation for the cash flow changes.

GMCB will initiate a request for OneCare to provide an overview of the cash flow cycle.

- c. Revised income statement shows a reduction of 10.5 FTEs with average salary/benefits of \$326K. Which positions/what work were they otherwise going to perform? How much of this is reductions of existing FTE salary/benefits versus vacancy savings?

Due to COVID-19, OneCare has instituted a hiring freeze that impacted the hiring of the Vice President and Legal Counsel and the Vice President, Chief Financial Officer, and other staff-level positions that were largely budgeted to roll out new programs such as the pharmacy initiative. Additionally, OneCare implemented a temporary cut in leadership compensation in order to positively impact cash flow. The leadership compensation changes affect expected salary expense and not FTE count, which inflates the average salary/benefits savings figure noted above. Of the anticipated salary/benefits expense reductions incorporated into the revised budget, roughly 20% is expected to come from the leadership adjustments with the remaining amount coming from the hiring freeze.

- d. How much of reduction in care coordination is attributed to DULCE?

In 2020, there was an anticipated expansion of the DULCE program bringing the total investment from \$300,000 to \$800,000. Due to impacts from COVID-19, OneCare reverted to the previous investment amount of \$300,000.

Outstanding FY20 items:

- BCBSVT Primary Contract - still being negotiated
 - *The BCBSVT Primary program agreement is still under negotiation with Blue Cross and Blue Shield of Vermont. OneCare will provide this contract once it is executed.*
- Q2 Financials – OneCare indicated these will be submitted by 8/21/20
 - *The OneCare Board of Managers recently approved the Q2 financials and they will be submitted under separate cover.*