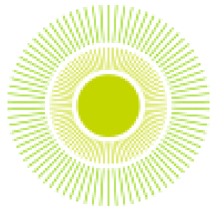

Policy Title:	OneCare Vermont 2018 Savings/Losses Sharing Model
Policy Number:	04-03
Responsible Department/s:	Finance
Date Implemented:	
Date Reviewed/Revised:	September 19, 2017
Approved by:	Board of Managers
Next Review Date:	

Purpose: This policy is to provide a model for savings/losses sharing for 2018 programs.

Statement: Participation in two-sided risk programs means that after the year-end settlement OneCare can either owe money back to the payers or earn shared savings from the payers. This policy explains the way in which paybacks and shared savings will be shared across the network.

Scope: This policy is applicable to all network providers.

Procedure:

1. ACO-Wide Saving and Losses
   a. ACO-wide Targets will be set in conjunction with payer programs
      1) Medicare Modified Next Generation (MMNG): For 2018, the target will be set by the GMCB in conjunction with CMS under the Vermont All Payer Accountable Care organization Model
      2) Vermont Medicaid Next Generation (VMNG): For 2018, the target shall be negotiated with DVHA with actuarially-assisted analysis from both OneCare and DVHA.
      3) Exchange Shared Savings 2-Side Risk Program (XSSP2): For 2018, the target shall be set through negotiation but based on approved BCBSVT QHP rates and medical trend factors
   b. Program Risk Corridors and Loss Sharing within Corridors
      1) The ACO programs will limit ACO-wide shared savings and losses to within the applicable corridor of risk:

a) MMNG: For 2018, OneCare will select 5% as the risk corridor, meaning Medicare shall cover 100% of risk and keep 100% of savings outside this corridor around the target
b) VMNG: For 2018, the contract shall include a 3% risk corridor, meaning DVHA shall cover 100% of risk and keep 100% of savings outside this corridor around the target
c) XSSP2: For 2018, the contract shall include a 6% risk corridor, meaning BCBSVT shall cover 100% of risk and keep 100% of savings outside this corridor around the target

2) The ACO programs also guide sharing percentages between ACO and payer within the applicable corridor of risk:

a) MMNG: For 2018, OneCare will select 80% as the ACO sharing percentage, meaning OneCare shall cover 80% of risk and keep 80% of savings within the corridor (Medicare assumes the remaining 20%)
b) VMNG: For 2018, the contract shall include 100% as the ACO sharing percentage, meaning OneCare shall cover 100% of risk and keep 100% of savings within the corridor
c) XSSP2: For 2018, the contract shall include 50% as the ACO sharing percentage, meaning OneCare shall cover 50% of risk and keep 50% of savings within the corridor (BCBSVT assumes the remaining 50%)

2. OneCare Model of HSA-Level Savings and Losses

a. The core OneCare model will be based on each participant hospital bearing the risk of losses and receiving savings on the spend for the lives attributed to the providers (including themselves) in their Healthcare Service Area (HSA) up to a Maximum Risk Limit (MRL)

b. The MRL will be based on the aggregate Total Cost of Care (TCOC) savings or losses calculated by applying the payer program risk corridors and sharing percentages (see paragraph 1) to each HSA population and target

c. Losses and savings within the MRL will be owed or paid according to program sharing percentages (see paragraph 1) regardless of overall ACO performance

1) This allows OneCare to offer savings to a hospital for local HSA performance even in the absence of ACO-wide savings earned from the payer
2) This also means that ACO-wide risk will be covered in a "worst case" scenario of maximum risk within the program limits

d. If an HSA and its risk-bearing hospital exceed their MRL on losses, that excess liability shall be covered collectively by the other participating hospitals proportional to their own MRL, but never to exceed their own MRL

e. If an HSA and its risk-bearing hospital exceed the MRL on savings, those excess savings shall be distributed to the other participating hospitals proportional to their own MRL, but never to exceed their own MRL

f. For 2018, hospitals entering risk programs for the first time and participating in all three risk programs will be responsible for only the first 50% of their MRL for losses and be limited to 50% of their MRL for savings

g. All of the above will be based on the final attribution for the 2018 performance year and aligned program targets and OneCare budget

3. Participant hospitals accepting the Fixed Prospective Payment (FPP) model will have that model included in the savings/loss sharing model according to the settlement calculations and procedures applicable to each payer

   a. MMNG: As part of annual settlement process with ACO, Medicare shall reconcile the All Inclusive Population Based Payment (AIPBP) payments to OneCare which are the source of the FPP program payments. The AIPBP will be reconciled to what would have been received in FFS ("Shadow FFS") by the affected providers, but OneCare shall include calculations in its own settlements with each hospital to ensure the FPP program is reconciled as a fixed revenue model (effectively as a sub-target) but still subject to corridors of risk and sharing percentages

      NOTE: This means Medicare will share in 20% of the savings even on the Fixed Prospective Payment portion of the TCOC

   b. VMNG: FPPs count against actual spending as distributed and are not subject to "shadow FFS" reconciliation with DVHA

      NOTE: This model is made possible by the 100% ACO risk sharing within the corridor

   c. XSSP2: As part of annual settlement process with the ACO, BCBSVT shall reconcile the total lump-sum monthly payments made to OneCare which are the source of the hospital FPP program payments. The AIPBP will be reconciled to what would have been received in FFS ("Shadow FFS") by the affected providers, but OneCare shall include calculations in its own settlements with each hospital to ensure the FPP program is reconciled as a fixed revenue model (effectively as a sub-target) but still subject to corridors of risk and sharing percentages

      NOTE: This means BCBSVT will share in 50% of the savings even on the Fixed Prospective Payment portion of the TCOC

4. Effects of Reinsurance and Large Case Protection

      NOTE: this section will be subject to change as more concrete information on payer large case protections and a reinsurance MOU is developed

   a. Benefits from Payer-provided large case protection included in ACO programs which will accrue ACO-wide to limit actual spending performance against target will be applied to the actual calculated performance for the HSA where the large case individual was attributed unless such information is not available from the payer nor discernable by OneCare

   b. Benefits from OneCare large case protection purchased as a reinsurance supplement to payer-provided large case protection will be applied to the actual calculated performance for the HSA where the large case individual was attributed

   c. Aggregate ACO Total Cost of Care Reinsurance will apply to losses owed at the ACO wide level

      1) The reinsurance shall cover losses driven by excess spending at all other providers outside of the participant risk-bearing hospitals

2) The reinsurance shall contain an "attachment point" of excess spending against our combined risk target across the MMNG, VMNG, and XSSP2 risk programs, as driven by the non-participant-hospital spending

   a) In the event a reinsurance claim "attaches," the hospitals are responsible for the remaining risk liability left uncovered by the claim.

3) Reinsurance benefits received will be applied to reduce the risk liability for the HSAs which drove the excess spending, and accrue first to reduce those HSAs where the MRL has been exceeded in order to reduce or eliminate the other hospitals' cross-coverage of that excess risk.

5. Distribution of Savings

   a. OneCare's general principle is that shared savings eligibility shall be symmetric to liability for losses, and this shall apply unless specified otherwise

   b. If ACO-level shared savings are earned, they will be distributed in the following manner:

      1) The home hospital(s) will earn savings up to their upside MRL based on their own HSA performance.
      2) If an HSA earned savings in excess of their upside MRL, the excess will be distributed across the network based on the net pre-funded contributions to primary care and community-based payment reform and programs from hospital resources until the net contributions have been eclipsed network-wide.
      3) Any amount remaining will be allocated into the Value Based Incentive Fund (VBIF) and distributed according to the VBIF policy.

Director, Finance Date

Chief Operating Officer Date

Board of Manager Approval:

Chairman, OneCare VT Board of Managers Date