OneCare Vermont

2018 Performance Update

Todd Moore; Chief Executive Officer
Tom Borys; Director, ACO Finance
Joan Zipko; Director, ACO Program Operations

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OneCareVermont
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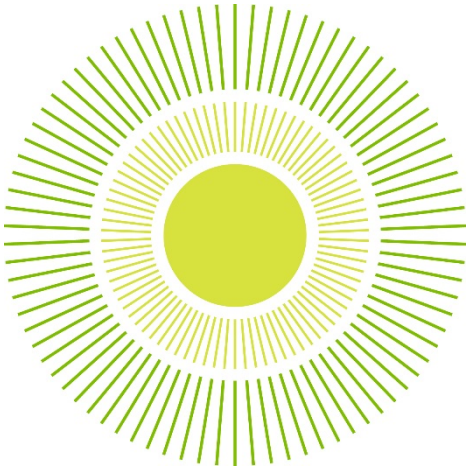
OneCare 2018 Plan Year
Financial Update



Financial Operations Update

Overall Themes

- No big financial surprises
- We're now fully operational with all core programs
  - Medicare, Medicaid, BCBS QHP & UVMMC Self-Funded
- Some programs are still in a "ramp-up" phase but progressing
- Initial transition from 2017 to 2018 was a big step
- Major operational hurdles thus far have been:
  - Flow/timing of data
  - Medicare reserves
  - GMCB reserves
  - Securing risk protection (i.e. "reinsurance")

Financial Operations Update

Attribution Update

Program	GMCB Budget	Jan Actual	June Actual	Change Rate
Medicare	33,474	39,702	37,589	-5%
Medicaid	44,211	42,342	39,936	-6%
BCBSVT QHP	34,943	20,838	19,008*	-9%
Self-Funded	9,962	9,962	9,627	-3%
Total	**122,590**	**112,844**	**106,160**	**-6%**

* May 2018 attribution

- Medicaid: -1.16% compound monthly attrition rate (similar to 2017)
- BCBSVT: -2.27% compound monthly attrition rate
- Medicare: initial attribution updated by CMS (this was expected)

Medicare Reason	Number
Beneficiary Aligned to Another Program	10
Date of Death Occurs Prior to the PY	265
Eligibility Cannot be Verified	65
Loss of Part A or Part B	209
Medicare Advantage (MA)	1,564
Total Medicare Attribution Change	**2,113**

Financial Operations Update

TCOC and Risk Update

- After seeing initial attrition rates, we expect the overall TCOC to remain close to the recast budget presented last April

Program	GMCB Budget	Recast Budget	Revised Projection
Medicare	$347,240,276	$364,451,924	$364,449,370
Medicaid	$118,833,295	$112,873,027	$116,301,166
BCBSVT	$133,395,719	$102,306,619	$94,212,051
Total	**$599,469,290**	**$579,631,570**	**$574,962,587**

TCOC Estimates

- Max risk is also remaining close to the initial estimate, although the amount by program has shifted somewhat from the original budget

Program	GMCB Budget	Recast Budget	Revised Projection
Medicare	$13,889,611	$14,578,077	$14,577,975
Medicaid	$3,564,999	$3,386,191	$3,489,035
BCBSVT	$4,001,872	$3,069,199	$2,826,362
Total	**$21,456,481**	**$21,033,466**	**$20,893,371**

Max Risk Estimates

Financial Operations Update

Financial Performance - Revenues

- Revenue flowing through the ACO is generally on plan
- Main variances from budget:
  - BCBSVT PHM Investment ($3.25 PMPM) – down due to lower-than-expected attribution
  - UVMMC Self-Funded Revenue ($9.00 PMPM) – down due to an April 1st program start date rather than January 1st as budgeted
  - SOV Primary Prevention funding – not secured
  - Fixed Payments from Payers – all flowing as expected for Medicaid and Medicare
    - BCBSVT QHP program shifted back to FFS with a "participant fee" model until 2019

Financial Operations Update

Financial Performance - Expenses

- Expense savings in certain areas
- Main variances from budget:
  - OCV $3.25 PMPM – spending down due to lower initial attribution and the delayed start date for the UVMMC self-funded plan
  - Complex Care Coordination – spending down due to ramp-up for the variable components of the program
  - Community Program Investments – CPR supplemental being managed carefully to ensure that practices participating in the pilot are not hindered financially in comparison to FFS
  - RiseVT – spending down as program scales up to fulfill their statewide presence
  - Operating Expenses – down due to spending less on risk protection and timing of filling certain positions

Financial Operations Update

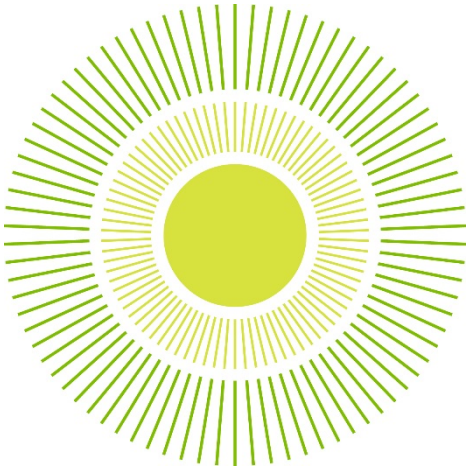
Budget Orders

- Order H: OneCare must fund PHM at no less than 3.1% of its overall budget

  - Through Q1 we were below this target due to:
    - TCOC targets starting the year at the high end (they will float down with attrition throughout the year)
    - Ramp-up of certain clinical programs

  - We expect this variance to tighten up throughout the year and will continue to operate the programs as presented in the budget presentations last winter

CPR Program Report



Comprehensive Payment Reform Pilot Update

Program Description

- OneCare Vermont designed and developed a program intended to transition independent primary care practices away from fee-for-service (FFS) reimbursement to a payer-blended PMPM payment model for all attributed lives

- The purpose of this initiative, known as the Comprehensive Payment Reform (CPR) pilot, is to:
  - Implement a payment reform that results in a simpler and more predictable revenue stream
  - Invest more in primary care
  - Develop a reimbursement model that allows for clinical flexibility and innovation

- Three practices are participating in the pilot year of this program
  - Primary Care Health Partners
  - Thomas Chittenden Health Center
  - Cold Hollow Family Practice

Comprehensive Payment Reform Pilot Update

Financial Model - Segmentation

- The CPR financial model segments financial resources in two distinct ways:
  - Adults vs. Kids
  - Core Codes vs. Non-Core Codes

- Adults vs. Kids is necessary to reflect a variance in PMPMs across the populations
  - Due primarily to the frequency of visits, kids have a PMPM that is materially higher than adults
  - This segmentation ensures that the mix of adults vs. kids is reflected in the revenue each practice receives in the model

- Core Codes vs. Non-Core Codes is segmented to recognize that some practices have additional capabilities or provide services above and beyond what is thought of as “standard” primary care billing
  - The model trends the historical spend forward but does not otherwise alter the basis for reimbursement

Comprehensive Payment Reform Pilot Update

Major Concept 1: Economic Model

- Value of Waived FFS +
- OCV 2016-2018 Inflation +
- Value of Standard OCV Add-Ons +
- CPR supplemental Add-On

CPR Pilot Proposed Model

- New practice payment "aggregate" PMPM standard for CPR multi-payer attributed panel
- Adjust for BCBSVT expected FFS payments still to be received to generate net OCV monthly cash PMPM payments

Major Concept 2: Service Breakdown

	Adults (>18 YOA)	Kids (<19 YOA)
Core Primary Care Services	Paid claims involving specific defined CPT codes as designated by 2015/2016 GMCB Payment Reform Committee subgroup on Primary Care	Paid claims involving specific defined CPT codes as designated by 2015/2016 GMCB Payment Reform Committee subgroup on Primary Care
Additional Services Delivered	All other paid claims not meeting criteria above	All other paid claims not meeting criteria above

Common Point: CPR Pilot Involves plan payment only economics;
Patient OOP same as if system remained FFS and not affected by OCV programs including CPR

Comprehensive Payment Reform Pilot Update

Financial Model - Starting Points

- Modeling starts with a $35.92 PMPM for adults and a $40.33 PMPM for kids broken down in the following manner:

Base PMPMs	Adults	Kids
Core Codes	$30.87	$38.36
Non-Core Codes	$5.06	$1.98
Total	$35.92	$40.33

- From this point, the CPR pilot concept was to develop a model that took these starting rates and adjusted by practice to come up with a reimbursement methodology that fairly reflected the nuances of each

- These starting PMPMs can be updated in future years to reflect evolving economic conditions, new participants, and/or further OneCare strategies

Comprehensive Payment Reform Pilot Update

Financial Model - Risk Adjustment

- The payment model then incorporates risk adjustment to the core service buckets to account for variation in the patient panel seen by each practice
  - Adults: PMPMs were adjusted using relative risk score
  - Kids: PMPMs we adjusted using age/gender bands

- There was no risk or age/gender adjustment applied to the non-core services
  - This approach was utilized to maintain the historical non-core revenue discretely for each practice and ensure that revenue earned for practice-specific capabilities isn't altered by the CPR model

Comprehensive Payment Reform Pilot Update

Financial Model - Modifications

- The BCBS QHP program is paying providers on a FFS basis in 2018, which means that a FFS replacement amount could not be functionally incorporated into the model
  - The spend for BCBS QHP attributed lives was factored in to the full economic modeling, but the expected FFS was "backed out" before finalizing the PMPM
  - We aim to incorporate a fixed payment approach into the CPR program in 2019 to more fully transform each practice's economic model

Comprehensive Payment Reform Pilot Update

Payment Differential

- The upcoming table displays the early financial results of the program and provides a comparison of the CPR program results to in-network hospital primary care revenue earned on a FFS equivalent basis
  - Attempts were made to provide a fair baseline and minimize variables that are outside of the scope of the CPR program
  - No patient share expectation or other OneCare revenue streams are incorporated in the analysis

- So that the data are reasonably complete, the results incorporate services delivered to patients in January and February and consists of the following paid-through periods:
  - Medicare: 4/27/18
  - Medicaid: 5/25/18
  - BCBS QHP: 5/31/18

Comprehensive Payment Reform Pilot Update

Perspective	PMPM
(1) CPR Practices - Non-OCV Model	$22.39
(2) CPR Practices - Std. OCV Model	$27.64
(3) CPR Practices - CPR Model	$37.48
(4) Hospital Primary Care Practices	$23.08

(1) The PMPM the CPR sites would have earned for the attributed lives if they didn't participate in OneCare programs.

(2) The PMPM the CPR sites would have earned for the attributed lives if they participated in OneCare programs but outside of the CPR model (i.e. they received FFS claims payments, the $3.25 PMPM and the CCC Level 2 payments).

(3) The PMPM the CPR sites experienced as part of the CPR model.

(4) The PMPM that hospital primary care would have earned for the attributed lives if they participated in OneCare programs but outside of a fixed payment model (i.e. they received FFS claims payments, the $3.25 PMPM and the CCC Level 2 payments).

Comprehensive Payment Reform Pilot Update

Payment Differential Notes

- The early results are encouraging, but there are a number of nuances to consider before drawing conclusions

- Effect of Seasonality:
  - Due to dynamics related to patient-share obligations, the payer-paid portion tends to be lower early in the year for both BCBS and Medicare. The CPR model, however, blends this throughout the course of the program year, which contributes to the early CPR PMPM being substantially higher than the FFS equivalent.

- Ratio of Adults to Kids:
  - 33% of the attributed lives to the CPR sites are kids while kids comprise 19% of the lives attributed to hospital primary care. Because kids generate more revenue on a PMPM basis, this dynamic would be expected to result in a higher overall PMPM outcome for the CPR sites with all else equal.

Comprehensive Payment Reform Pilot Update

Combined Program Financial Performance

- The CPR model incorporates the bulk of the reimbursement that the practices receive from OneCare, but there are additional OCV payments kept outside the CPR model that should be considered when compiling the full financial perspective

Component	CPR Practices - CPR Model *
Member Months of Attribution	22,298
CPR Pilot Payments	$757,072
FFS Paid	$78,748
Supplemental OCV PHM Investments	$ -
Total CPR Revenue	**$835,820**
Total CPR Revenue PMPM	**$37.48**
Patient Share Revenue	$163,485
CCC Program Level 3 Estimate	$1,338
Medicaid PCCM	$25,510
VBIF Estimate	$51,676
OCV Funded Blueprint Replacement	$13,192
Combined Revenue	**$1,091,020**
Combined Revenue PMPM	**$48.93**

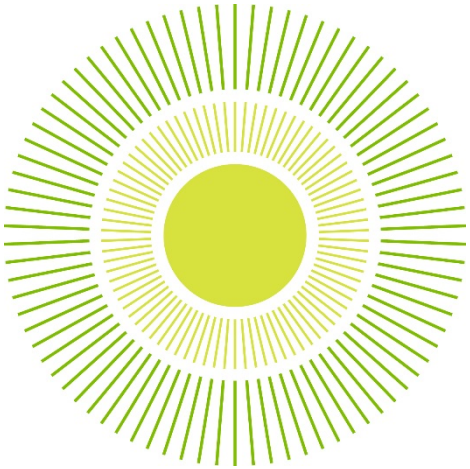
** All of the figures represent a two-month equivalent experience*

Comprehensive Payment Reform Pilot Update

Administrative Burden

- Early focus for all the CPR pilot sites has been heavily drawn to the financial performance and developing comfort with the fixed-payment model
  - With a payment model that is unchained from a volume-based mechanism, practices are now able to think about how to modify workflows and protocols to develop new and innovative care models
- There are no additional reporting requirements related to participation in the CPR pilot
  - There may be future opportunities to work with payers to allow for modifications that alleviate some existing burdens (such as prior authorization)
- OneCare is facilitating a practice-workflow engagement called Infinitum™ with Vermont Program for Quality in Health Care (VPQHC) this is being offered to participating CPR practices
  - This program aims to evaluate and measure workflow in healthcare in hope of finding efficiencies that can both enhance access and eliminate “waste” in processes

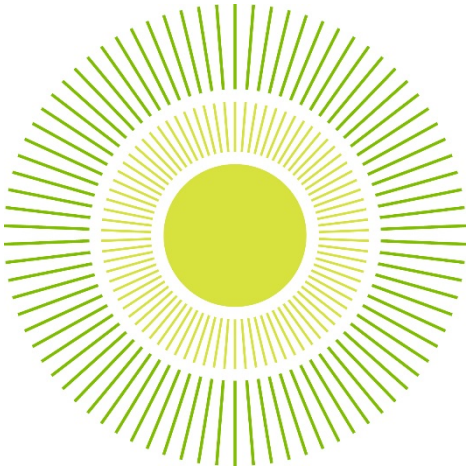
Customer Service Update



OneCare Customer Service Definitions

- **Inquiry:**
  - A routine communication requesting information that is within the general scope requesting a routine action
- **Complaint:**
  - A communication that requires the ACO to take an action to resolve concerns. Examples of ACO complaints include data sharing, an ACO Policy, etc.
- **Grievance:**
  - A complaint that is not resolved through discussion with the ACO when first presented, and is elevated to senior leadership of the ACO, the payer, and/or the Health Care Advocate
- **Appeal:**
  - Since OneCare is not an insurance company, there is no Appeals process for patients at the ACO when overturning decisions such as benefits or coverage. Patients would work with payers and/or HCA to appeal.
  - For providers, there is an appeals policy and process should they be dissatisfied with ACO-related resolutions.

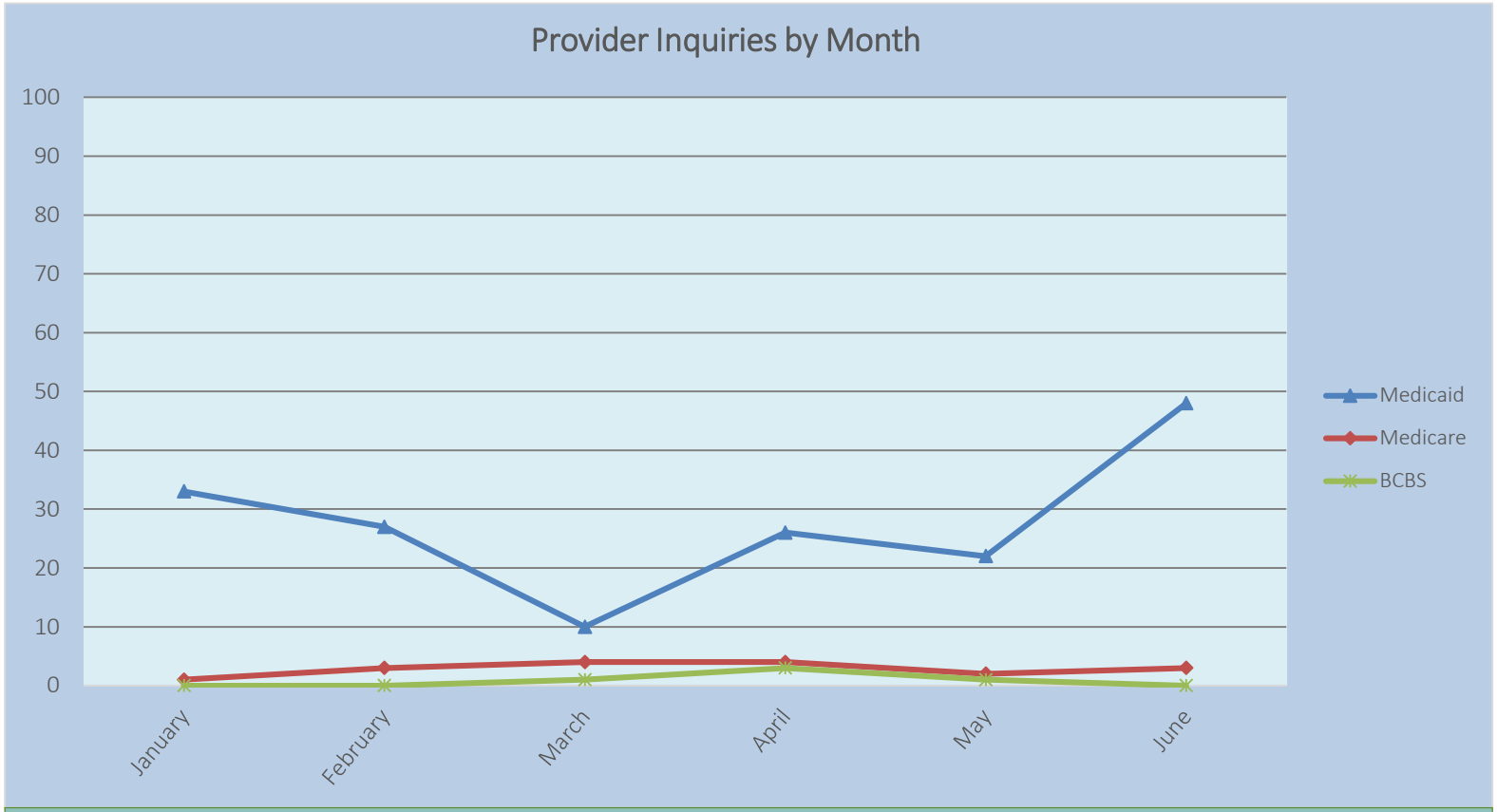
Customer Service to Providers



OneCare Customer Service for Providers

- **Tracking, Monitoring and Reporting**
  - Inquiries are tracked and monitored through resolution, including those transferred to the payer
  - Reports are provided to payers and GMCB
- **Inquiry Categories**
  - Patient attribution lists and financial statements
  - Prior authorization waiver for VMNG
- **Complaints, Grievances and Appeals**
  - OneCare has received no complaints or grievances from providers to date
  - OneCare has a provider appeals policy should they be dissatisfied with ACO-related resolutions

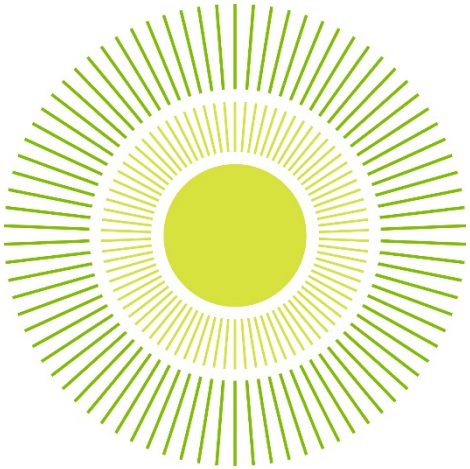
2018 OneCare Provider Inquiries



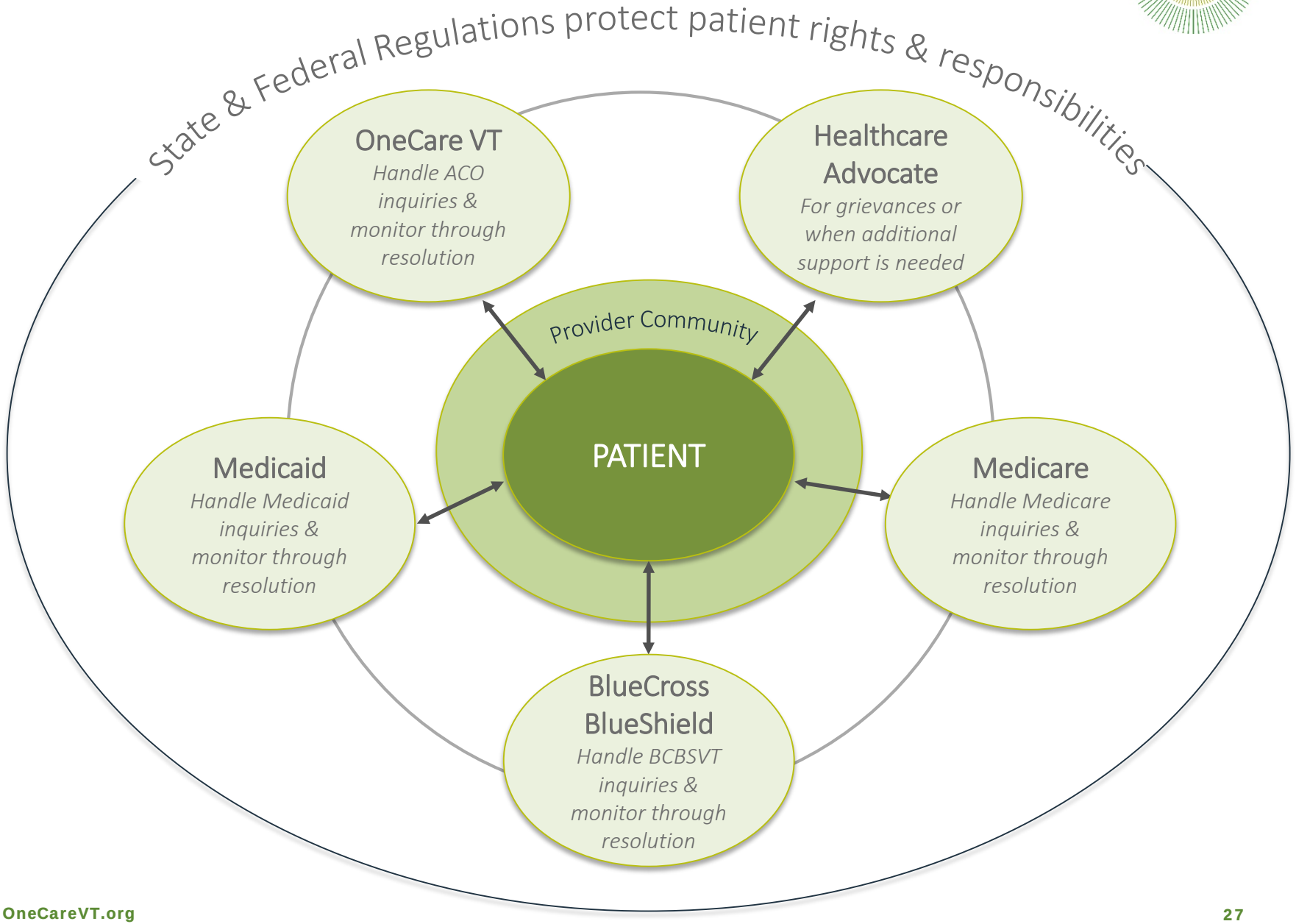
Primary Drivers for Inquiries:

- Provider inquiries driven by attribution lists and financial statement questions
- Medicaid inquiries are higher due to prior authorization questions specific to that program

Customer Service to Patients



ACO Customer Service Support System for Patients



ACO Notification Letter & Patient Data Sharing Opt Out Process

	Payer Program Notification and Opt Out Rules		
	Medicaid Next Generation	Medicare Next Generation	BCBSVT Risk
Notification Type	All payers provide a notice for patients that they are aligned to an ACO		
Data Sharing Opt Out Requirement Mentioned in Letter?	Letter **explicitly states that the patient has the right to opt out of data sharing**	As directed by the payer, the letter **does not provide opt out information** however opt out details are contained in the patients Medicare Benefits Manual which they receive each year	As directed by the payer, the letter **does not provide opt out information**
Opt Out Process and Ownership	If a patient chooses to opt out of data sharing, **OneCare is empowered to opt them out** and OneCare provides this information to DVHA to suppress from future claims data sharing with OneCare	If a patient chooses to opt out of data sharing, **OneCare will support the patient by directly transferring them to Medicare** to suppress from future claims data sharing with OneCare	If a patient chooses to opt out of data sharing, **OneCare is empowered to opt them out directly or they can choose to call BCBSVT** to suppress from future claims data sharing with OneCare

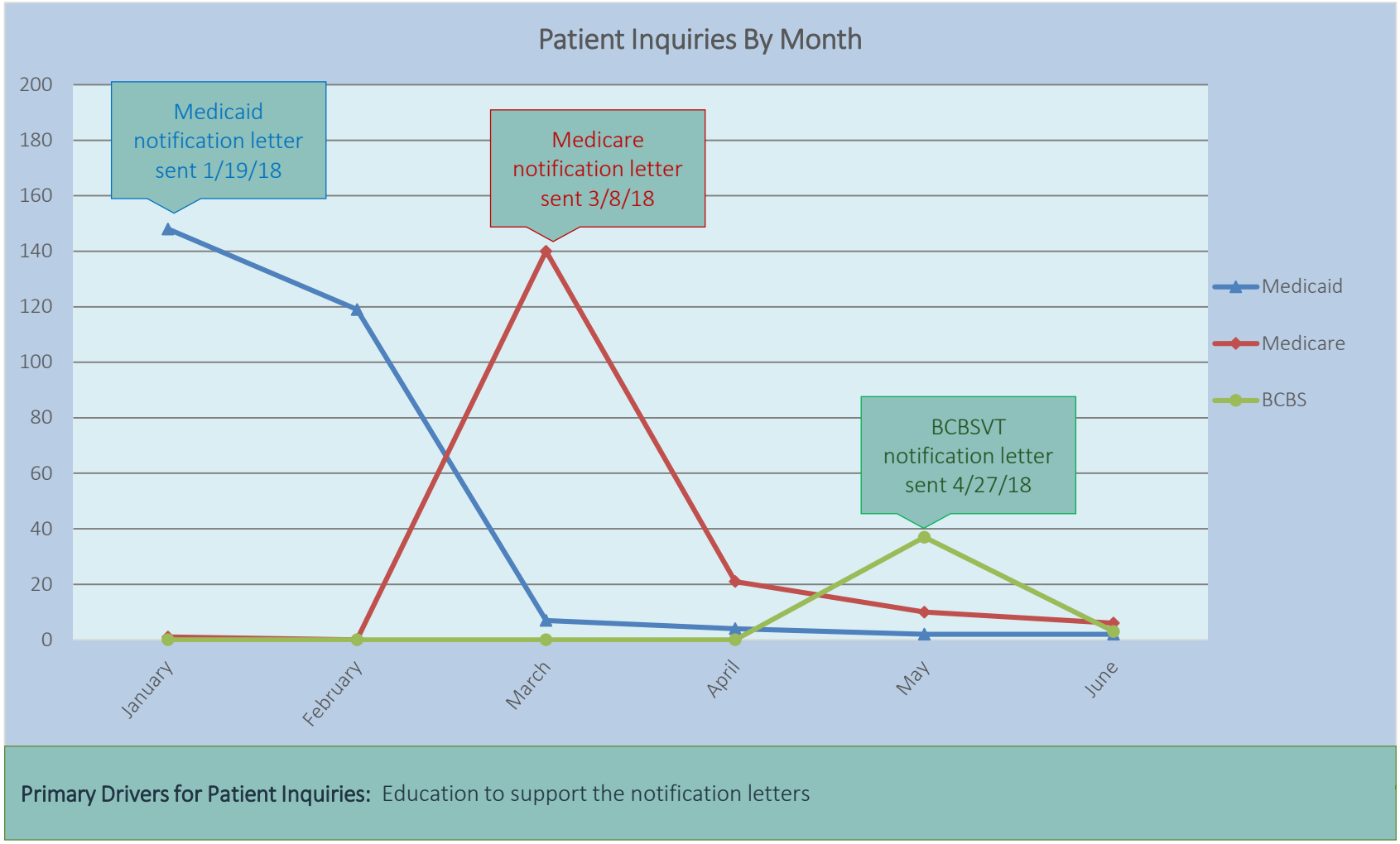
2018 Opt Out Rates

Payer Program	%
Medicaid Next Generation	1.12%
Medicare Next Generation	0.85%
BCBSVT Risk Program	0.04%

OneCare Customer Service for Patients

- **Tracking, Monitoring and Reporting**
  - Inquiries are tracked and monitored through resolution, including those transferred to the payer
  - Reports are provided to payers and GMCB
- **Inquiry Categories**
  - ACO notification letter
  - Heightened press coverage related to the All Payer Model
- **Complaints, Grievances and Appeals**
  - 19 patient complaints resolved to date
  - **0** patient grievances received to date
  - Patients are offered the option to file a formal grievance if the complaint is not readily resolved to their satisfaction
  - Contact information for the Health Care Advocate is provided for additional support to the patient

2018 OneCare Patient Inquiries



Primary Drivers for Patient Inquiries: Education to support the notification letters

2018 OneCare Patient Complaints

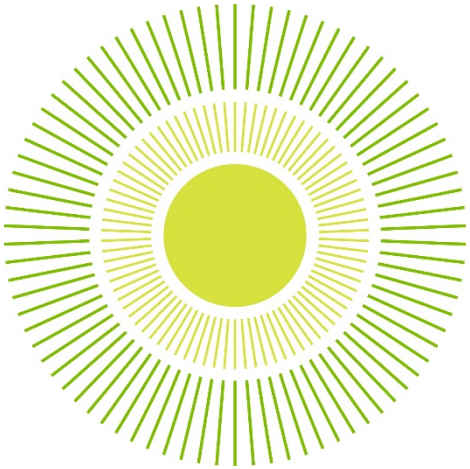
2018 Complaints (Jan-June)

Payer Program	# Complaints	General Themes
Medicaid Next Generation	1	Benefit question
Medicare Next Generation	16	1. Confusing notification letter 2. Opt out of data sharing 3. Provider/Health Care Reform complaints
BCBSVT Risk Program	2	Notification letter confusion related to PCP assigned

Primary Driver for Complaints:

- The notification letter is confusing, especially the Medicare version that was mandated

Challenges and a Brief Look Ahead



Optimizing Customer Service

- **Patient Support**
  - Working with payers to gain alignment on the vision for the patient notification letter. Actions include:
    - Develop a patient notification that aligns across payers, written in 6th grade language, with continued input from the Health Care Advocate
    - Support the letter with a clear FAQ that covers most patient questions and concerns
    - Share the letter and FAQ with our providers (through the Network Newsletter) for further support at point of care
- **Provider Support**
  - Optimize the prior authorization waiver to improve education and operations. Actions include:
    - Continue to work with DVHA to identify the issues with prior authorization waiver and provide mitigations (educational, technical and operational)
    - Continue to create joint DVHA/OneCare education for providers and take feedback for improving delivery of information
    - Optimize the provider portal for easier navigation to prior authorization waiver lists, attribution lists and payment statements