

# Budget Update

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**OneCare Vermont**

[onecarevt.org](http://onecarevt.org)

# Lessons learned from the pandemic



Fee For Service  
has failed the  
health care system.



Future provider resiliency  
requires a supportive and  
aligned financial model.



# OneCare Supports Vermont Providers

through enhanced collaboration and financial stability

## Financial Administration

- Predetermined healthcare costs
- Fixed predictable payments for providers
- Incentivize value over volume

## Population Health

- Common Care Model across multiple providers
- Standard quality metrics/monitoring
- Investments in prevention

## Provider Led Reform

## Patient and Provider Experience

- Evidenced based and informed care
- Reduced administrative burden
- Waiver Flexibility (benefit enhancements)

## Integration

- Interdisciplinary care teams
- Shared resources and infrastructure (economies of scale)
- Enhanced access to data

# ACO Programmatic and Policy Actions

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1. Continuing fixed payments at pre-pandemic level
2. Accelerating cash flow to primary care and continuum of care to support them during pandemic and recovery
3. Piloting BCBS fixed payment
4. Delaying changes in care coordination payment structure
5. Removing variability components in independent primary care comprehensive payment programs
6. Advocating for telehealth expansion and supporting provider adoption
7. Returning Medicare VBIF funds, policy changes that will allow VBIF to flow sooner
8. Building enhanced care coordination tools to support those most vulnerable during the pandemic
9. Re-negotiating payer contracts
10. Federal advocacy for Vermont Providers
11. Offering innovation grants to pause without loss of income

# Contract Updates

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- Medicare
- Medicaid
- BlueCross and Blue Shield of Vermont
- MVP



# Population Health Management Guiding Principles

- Sustain existing OneCare programs
- Sustain committed funding to network participants
- Target initiatives with significant operational resource demands
- Prioritize initiatives with potential short-term financial and clinical benefits



# Population Health Programs

Not Implemented	Revised	Unchanged
■ Pharmacy/Specialty	■ RiseVT	Blueprint/SASH
■ Zero Suicide/Mental Health	■ DULCE	Longitudinal Care
■ 2020 Innovation Fund/Specialty Projects	■ Innovation Fund	Funding for DA's for Mental Health
	■ CPR	PCP Engagement
	■ VBIF	
	■ Care Coordination Payment Model	

**KEY:** ■ Operational expense reduction

■ COVID-19



# Hospital Dues

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- Mission remains the same, but the 2020 strategy needs to evolve
- Dues fund operational costs and population health management (PHM) investments
- **Hospital dues reduced by ~\$6 million**
- PHM investments
  - Further funding cuts mean we can't maintain the same level of population health investment
- Operational Costs
  - Estimated savings are ~\$3.2 million
  - Hiring freezes, reduction in leader salaries and benefits
  - Reinsurance policy not purchased



# Budget P&L

Revenue Category	2020 GMCB #1	2020 GMCB #2	Change
TCOC Targets	\$1,370,483,658	\$1,213,058,838	(\$157,424,820)
Payer Contract Revenue	\$10,757,375	\$11,477,109	\$719,734
DSR Funding	\$7,800,000	\$3,900,000	(\$3,900,000)
Other Revenue	\$11,125,838	\$8,929,074	(\$2,196,764)
Hospital Dues	\$24,467,227	\$18,225,772	(\$6,241,456)
<b>Total Revenue</b>	<b>\$1,424,634,098</b>	<b>\$1,255,590,792</b>	<b>(\$169,043,306)</b>
Health Services Spending	\$1,362,241,283	\$1,204,657,178	(\$157,584,106)
Base OCV PMPM	\$8,569,920	\$8,420,662	(\$149,258)
Complex Care Coordination Program	\$10,223,590	\$9,672,306	(\$551,283)
Value-Based Incentive Fund	\$8,387,232	\$5,640,553	(\$2,746,679)
Specialist & Innovation Fund Programs	\$4,512,080	\$1,480,321	(\$3,031,759)
Other PHM Investments	\$3,180,870	\$2,401,632	(\$779,239)
Blueprint Programs	\$8,242,374	\$8,401,660	\$159,285
<b>Total PHM Investments</b>	<b>\$43,116,066</b>	<b>\$36,017,134</b>	<b>(\$7,098,932)</b>
General Operations	\$18,200,836	\$14,916,480	(\$3,284,356)
Risk Protection	\$1,075,912	\$0	(\$1,075,912)
<b>Total Infrastructure</b>	<b>\$19,276,749</b>	<b>\$14,916,480</b>	<b>(\$4,360,268)</b>
<b>Total Expenses</b>	<b>\$1,424,634,098</b>	<b>\$1,255,590,792</b>	<b>(\$169,043,306)</b>
<b>Gain (Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Revenue Changes

- BCBSVT Primary health plan opt outs
- Reduced DSR funding
- Significant hospital dues reduction

## Expense Changes

- Medicare Value Based Incentive Fund modification
- Reduced specialty/innovation investments
- Operating expense adjustments
- No reinsurance policy

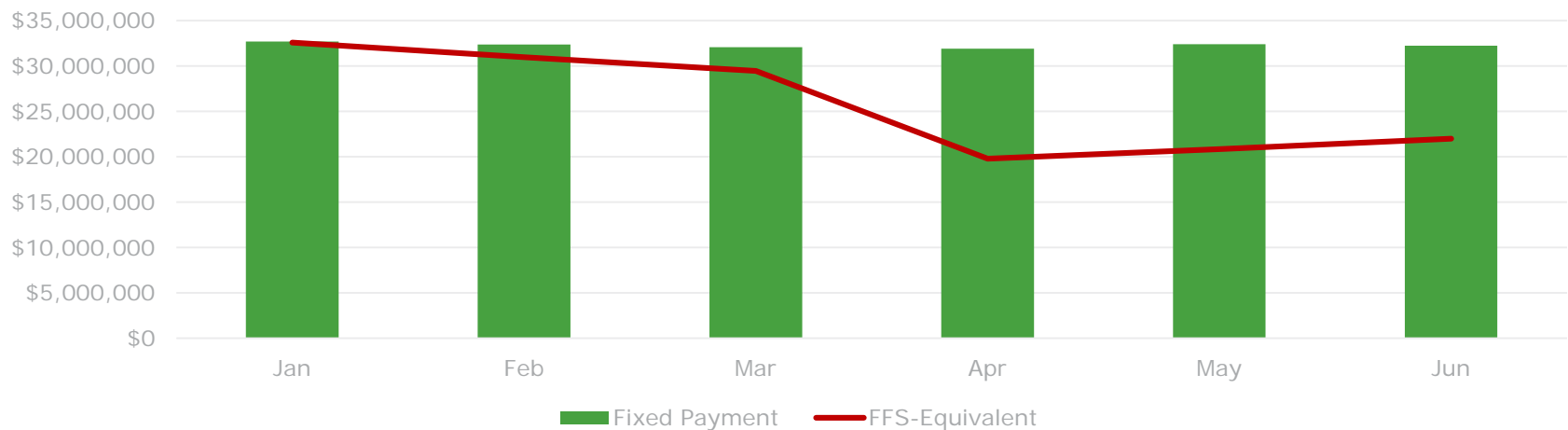
# Financial Response to COVID-19

## Revised budget balances the need for hospital dues relief with consistent funding to the provider community

- Sustains \$20M of planned investments in primary care
- Sustains \$16M of planned investments in community providers
- Advanced \$2.1M to network providers during the heavy Stay Home/Stay Safe period

## Distributed hospital fixed payments at pre-COVID levels

- ~\$38M of sustained funding through June



# New Challenges to HealthCare Reform Created by Pandemic

- Health care system is fragile
- Unknown implications for delays in care
- Hospitals unable to invest in population health efforts at pre-pandemic levels
- Risk exposure needs to be limited until the system stabilizes
- New care evaluation and financial budgeting framework needed
- Health care policy needs to accelerate reform
- Timing and regulatory pressures



# The health care system needs predictability and stability.

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- The All Payer ACO Model created a path to the predictability and stability this pandemic has proven we need.
- We must maximize all levers available to us as a state to move quickly down the path that we have chosen to create.
- Transitioning to a value-based system is an investment in Vermont's future.





**Seema Verma**

Administrator of Centers for Medicare and Medicaid Services (CMS)

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Now more than ever, it is clear that our fee-for-service system is insufficient for the most vulnerable Americans because it limits payment to what goes on inside a doctor’s office. The transition to a value-based system has never been so urgent.

”

From “Trump Administration Issues Call to Action Based on New Data Detailing COVID-19 Impacts on Medicare Beneficiaries”  
<https://www.cms.gov/newsroom/press-releases/trump-administration-issues-call-action-based-new-data-detailing-covid-19-impacts-medicare>  
[CMS press release, June 22, 2020, published on cms.gov, accessed June 23, 2020]





I never learn anything  
talking. I only learn things  
when I ask questions.

*Lou Holtz*

