

# FY20 ACO Budget

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# Goals for today



Review OneCare Vermont's request for operational relief\* and their 2020 budget order, given the COVID-19 pandemic and concerns around hospital solvency:

- A large part of OneCare's budget is built on Hospital dues (\$26.5 M or 46% of their non-claims expenditures, i.e. Admin Expense + PHM)
- Hospitals' costs of preparing for and addressing the pandemic are mounting and revenues have been seriously compromised by the cancelling of elective and non-urgent procedures; the result is rapidly declining days cash on hand and negative operating margins; Many of our hospitals are starting with less than 30 days operating cash, and assuming a 50% loss of net patient revenue, this means a corresponding loss of \$115 million in operating margin each month. Some Vermont hospitals have even estimated revenue losses of more than 70%, which suggests even more severe effects on their bottom lines

[\\*Letter from OCV dated March 26, 2020](#)

# OCV Request: Value Based Incentive Fund



- Request
  - Waive withhold for Medicare portion of the Value Based Incentive Fund (0.5% of AIPBP)
  - Board approved a 2020 Budget for VBIF across all payers of \$8,387,232
  - Of this amount \$1,351,984 are for Medicare.
- Rationale
  - These funds can be immediately released back to hospitals to provide financial relief during this pandemic
  - Medicare agreement does not require a withhold
- Action: Board vote required
  - *Motion to amend OneCare's 2020 budget order by reducing the total VBIF amount by the projected Medicare withhold of \$1,351,984, provided that OneCare releases any funds already withheld back to hospitals as expeditiously as possible.*

# OCV Request: Additional data from CMMI



- Request
  - Weekly claims from CMMI to OneCare Vermont
- Rationale
  - This would allow OCV to more proactively monitor and adjust Medicare fixed payments (data currently flows approximately six weeks in arrears)
- Action: No Board vote required
  - GMCB to support this request and will discuss with CMMI.

# OCV Request: Extend certain deadlines required per 2020 Budget Order



- Request
  - Extend deadline for Budget Order items # 17 and 19 to September 30, 2020
  - *17. No later than April 30, 2020, OneCare must provide a report on how its population health investments address cost and quality differences across Health Service Areas as identified in OneCare's variations-in-care analysis.*
  - *19. No later than July 31, 2020, OneCare must submit to the Board a prototype for an ACO performance dashboard and a proposed plan to implement the performance dashboard by December 31, 2020. GMCB staff will work with OneCare to determine the required form and content for the submission and to establish appropriate methodologies for reporting FY20 ACO BUDGET ORDER - Page 26 of 26 quality results in such a way to allow for valid comparisons where feasible. At a minimum the dashboard shall profile population health and financial data by HSA and payer in a way that promotes variational analysis across HSAs and readily reconciles to Board approved and projected fiscal year budgets and population health performance targets. The Board will also provide an opportunity for the Health Care Advocate to provide input into the dashboard, including methodologies for quality reporting.*
- Rationale
  - OCV staff who would otherwise work on this project are responding to changing budgets and contractual obligations
  - GMCB staff, also prioritizing contingency planning work, and experiencing staffing constraints, have not been able to complete the guidance necessary for OCV to initiate this work

# OCV Request: Extend certain deadlines required per 2020 Budget Order



- Action: Board vote required
  - Motion to amend 2020 Budget Order
    - Revise Condition #17 to replace April 30, 2020 with September 30, 2020
    - Revise Condition #19 to replace July 31, 2020 with September 30, 2020



# OCV Request: Amend 2020 Budget Order Language



- Request
  - Revise Budget Order item # 18 to read, “18. No later than June 30, 2020, or a date agreed to by OneCare and GMCB staff, OneCare must develop a workplan to evaluate the effectiveness of its core population health investments that are included in their annual program of payments (i.e. PHM payments to primary care, value based incentive fund, complex care coordination program) with a focus on defining the criteria by which each program’s impact will be evaluated. The focus of these efforts will be to align with the evolution of these programs for the 2021 performance year in time for distribution in network contracting in summer 2020. This workplan may exclude Blueprint for Health investments.”
  - 18. No later than June 30, 2020, or a date agreed to by OneCare and GMCB staff, OneCare must develop a workplan to evaluate the effectiveness of its core population health investments including analysis of how to scale those that are successful, sunset those that are not, and report on opportunities for sustainability. This plan must include the identity of each entity receiving funding, the funding amount, any evidence supporting the purpose(s) of the corresponding project, a distribution plan for the funding, the scope of project, relevant timeframe(s) for implementation and evaluation, any measurable outcomes, and any risks, issues, or challenges. This workplan may exclude the Blueprint for Health investments (SASH, CHT, and PCMH). For competitive grants, OneCare should provide an explanation of the criteria by which it evaluates proposals for funding.
- Rationale
  - OneCare letter indicates that this request is to “refocus this effort around its core programs that are included in [their] program of payments annually.”
- Action
  - Staff recommends to maintain existing budget order language

# OCV Request: Extend certain deadlines required per 2020 Budget Order



- Request
  - Extend deadline for Budget Order items # 8, 9 and 13 to May 30, 2020
  - 8. *No later than April 15, 2020, OneCare must present to the Board on the following topics: a. 2020 attribution and payer contracts; b. Revised budget, based on final attribution; c. Final description of population health initiatives; d. Expected hospital dues for 2020 by hospital; e. Expected hospital risk for 2020 by hospital and payer; f. Any changes to the overall risk model for 2020; g. Source(s) of funds for OneCare's 2020 population health management programs; and h. Any other information the Board deems relevant to ensuring compliance with this order.*
  - 9. *No later than March 31, 2020, OneCare must provide GMCB staff with the supporting documentation relevant to the topics identified in Condition 8. Among the supporting documentation, OneCare must submit: a. Final payer contracts; b. Attribution by payer; c. A revised budget, using a template provided by GMCB staff; d. Final descriptions of OneCare's population health initiatives; e. Hospital dues for 2020 by hospital; f. Hospital risk for 2020 by hospital and payer; g. Documentation of any changes to the overall risk model for 2020; h. Source of funds for its 2020 population health management programs; and i. Any other information the Board deems relevant to ensuring compliance with this order.*
  - 13. *If population health management programs are not fully funded as detailed in OneCare's 2020 budget submission, OneCare must submit a revised proposal no later than March 31, 2020 to the Board. This should include any requests for budget revisions, for changes to OneCare programs, including any funding shortfalls, changes in program scope, and an analysis for each program line item as to whether and why the funding is appropriately scaled by attribution, or some other factor.*



# OCV Request: Extend certain deadlines required per 2020 Budget Order



- Rationale

- *2020 attribution and payer contracts Attribution is known for Medicaid and Medicare only. OCV does not have attribution data for BCBSVT QHP, MVP QHP or BCBSVT Primary. Those are substantial moving parts of the budget update.*
- *Revised budget, based on final attribution; OCV needs attribution and benchmarks to be finalized to produce a sound budget update for the GMCB.*
- *Final description of population health initiatives; Until OCV has clarity on DSR and some insight into the COVID-19 response options (particularly VBIF) these programs are still in flux.*
- *Expected hospital dues for 2020 by hospital; Very much up in the air based on the COVID-19 response options.*
- *Expected hospital risk for 2020 by hospital and payer; Need to have final attribution and benchmarks to provide updates (we could update on Medicaid and Medicare).*
- *Any changes to the overall risk model for 2020; Potential change*
- *Source(s) of funds for OneCare's 2020 population health management programs; In flux per above.*

# OCV Request: Extend certain deadlines required per 2020 Budget Order



- Action: Board vote required
  - Motion to amend 2020 Budget Order
    - Revise Condition #8 to replace April 15, 2020 with May 30, 2020
    - Revise Condition #9 to replace March 31, 2020 with May 15, 2020  
(to allow staff time to analyze prior to presentation)
    - Revise Condition #13 to replace March 31, 2020 with May 15, 2020  
(to allow staff time to analyze prior to presentation)

# April 15<sup>th</sup> OCV Presentation



While OneCare Vermont (OCV) may not have the appropriate data and information to present a final revised budget by April 15, 2020, it is imperative that the Board grasp how OCV's 2020 budget and programs affect hospitals' abilities to respond to COVID-19 and their solvency (hospital dues etc.), therefore GMCB staff recommends OCV to propose an estimated revised budget on or before April 15, 2020.

# April 15<sup>th</sup> OCV Presentation



Staff recommend OneCare to provide and present on the following *estimated* information:

- a) How does OneCare see its role in the state's response to COVID-19?
- b) Which of OneCare's programs, if any, are critical to hospitals' and communities' abilities to respond to the COVID-19 pandemic and how? Which programs are not critical and might be eliminated or downsized during this pandemic?
- c) How is OneCare evaluating revisions to its 2020 budget to support the state's response to COVID-19, and in particular, to support hospitals' and other providers' solvency, including independent providers?
  - a) In doing so staff recommend OCV to comment on the following FY2020 budget order conditions
    - a) No. 10: Is OCV's administrative expense ratio expected to hold steady at the numbers set forth in the budget order? (1.35% w/ a projected revenue increase, 1.60% w/ a projected revenue decrease)
    - b) No. 12(b): OCV has \$4M in reserves—Can this be used to help engage in hospital sustainability planning?
    - c) No. 16: Does OCV have (other) VBIF funds that can be freed up to help hospitals/providers at this time (e.g. Medicaid)?
- d) How is OCV leveraging the increased reimbursement for telehealth in light of COVID-19?

# April 15<sup>th</sup> OCV Presentation



- Action: Board Vote
  - Add Condition # 22 to read, “No later than April 15, 2020, OneCare must present to the Board on the following topics: a. How does OneCare see its role in the state’s response to COVID-19?; b. Which of OneCare’s programs, if any, are critical to hospitals’ and communities’ abilities to respond to the COVID-19 pandemic and how? Which programs are not critical and might be eliminated or downsized during this pandemic?; c. How is OneCare evaluating revisions to its 2020 budget to support the state’s response to COVID-19, and in particular, to support hospitals’ and other providers’ solvency, including independent providers? ; d. How is OCV leveraging the increased reimbursement for telehealth in light of COVID-19?”

# Next Steps



- Document today's board discussion and budget adjustments in a letter to OneCare Vermont
- Continue reviewing the All-Payer Model ACO Agreement (APM) with partners to explore potential impact of the epidemic on the State's performance under the APM and to maximize cashflow to providers in this time of need