Budget Update

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OneCare Vermont

onecarevt.org

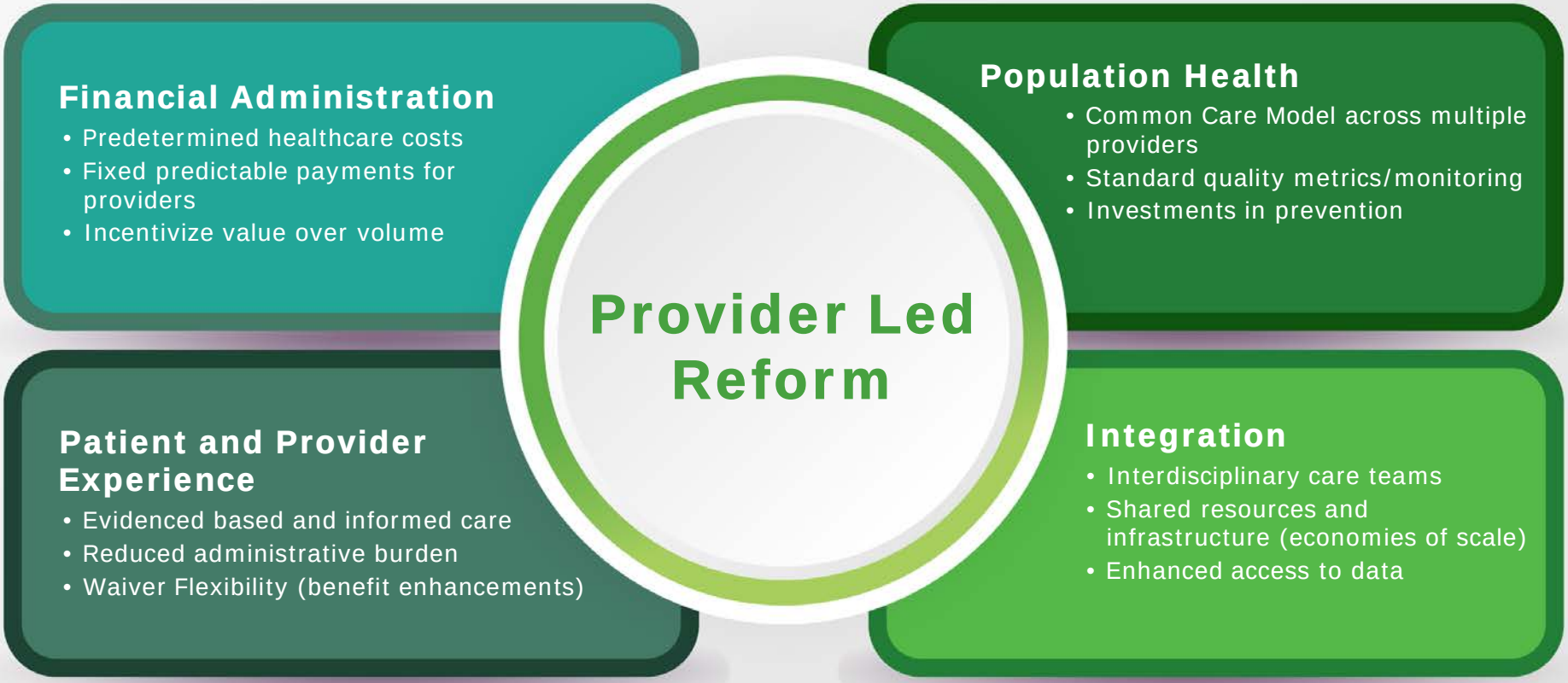
Lessons learned
from the pandemic

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



ACO Programmatic and Policy Actions

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

- 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

- 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)
Total Revenue	**$1,424,634,098**	**$1,255,590,792**	**($169,043,306)**
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
Total PHM Investments	**$43,116,066**	**$36,017,134**	**($7,098,932)**
General Operations	$18,200,836	$14,916,480	($3,284,356)
Risk Protection	$1,075,912	$0	($1,075,912)
Total Infrastructure	**$19,276,749**	**$14,916,480**	**($4,360,268)**
Total Expenses	**$1,424,634,098**	**$1,255,590,792**	**($169,043,306)**
Gain (Loss)	**$0**	**$0**	**$0**

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

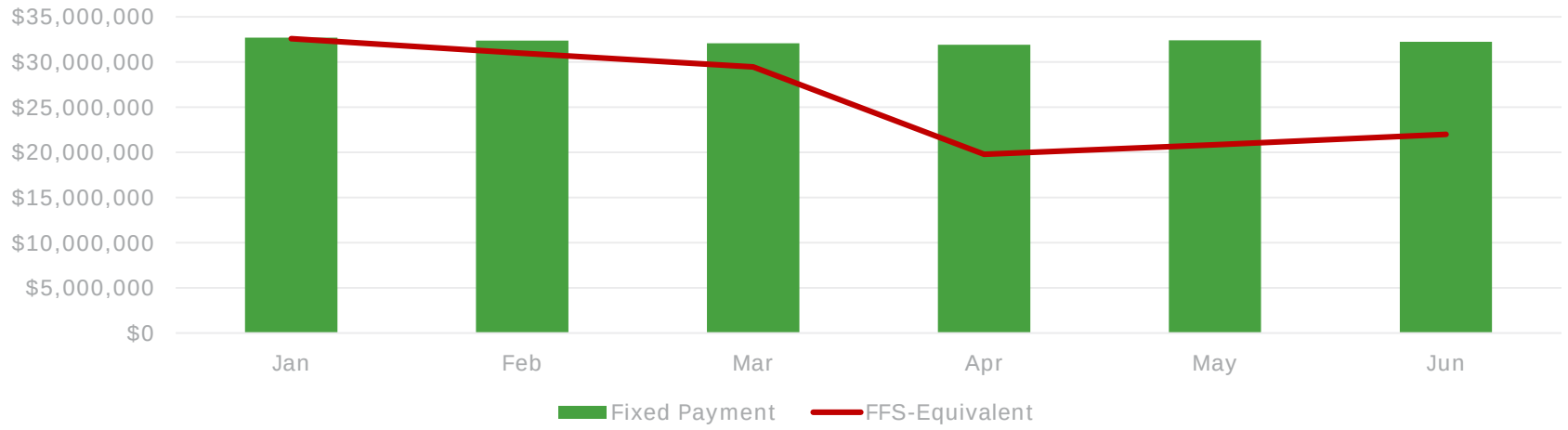
Financial Response to COVID-19

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

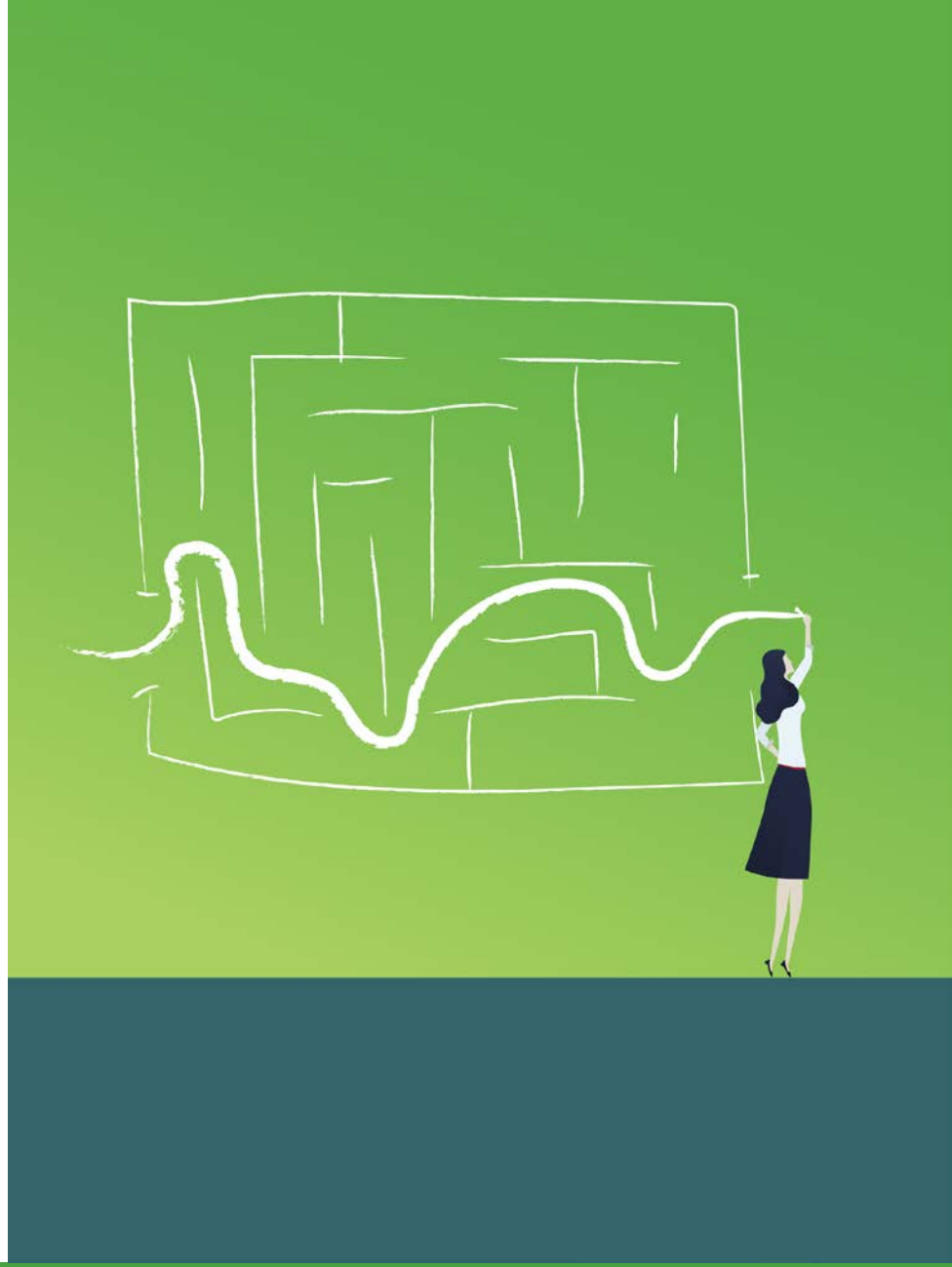
Distributed hospital fixed payments at pre-COVID levels

- ~$38M of sustained funding through June



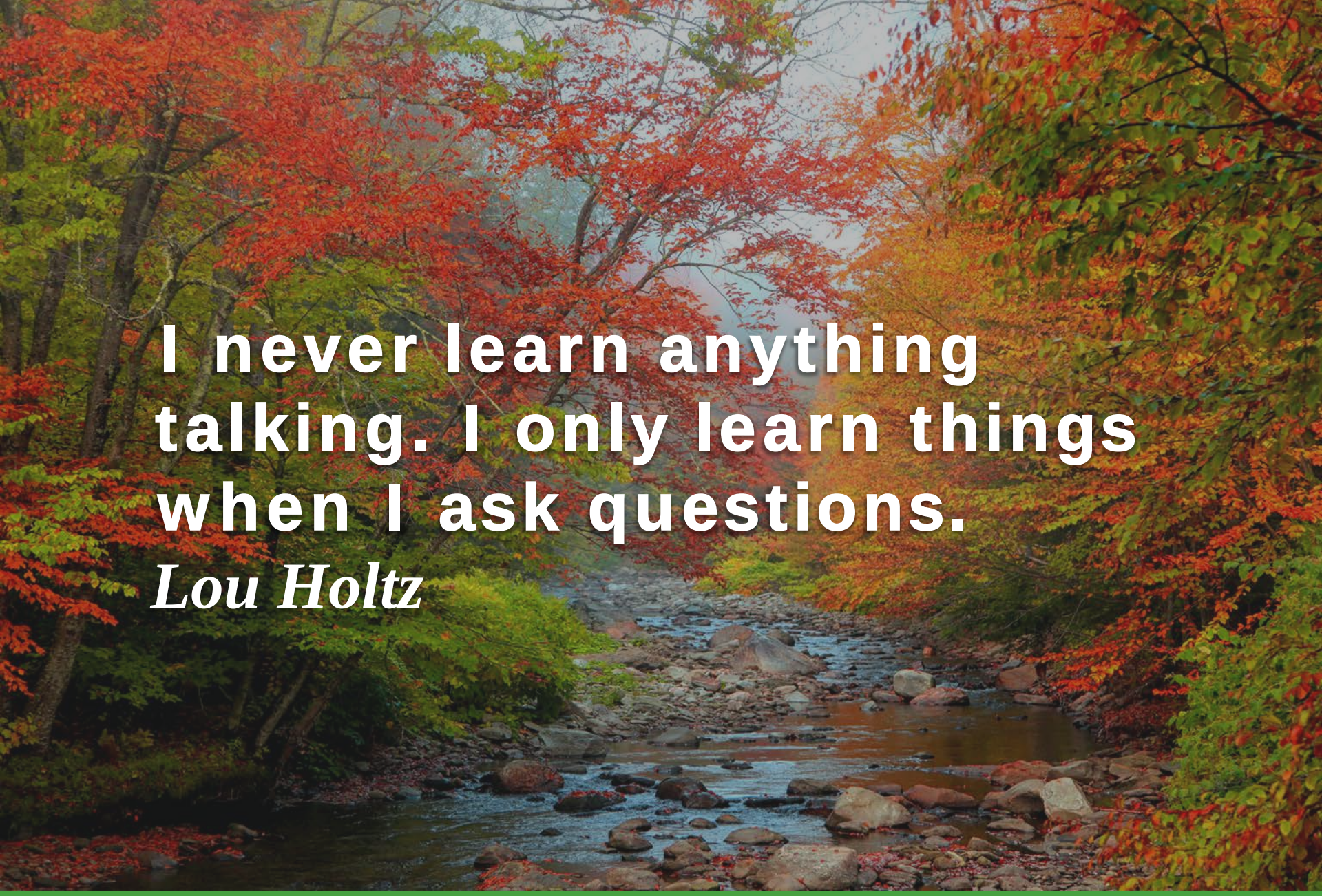
New Challenges to HealthCare Reform Created by Pandemic

- 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.

- 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.


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