OneCare Vermont 2021 Budget Presentation

to Green Mountain Care Board

Vicki Loner, CEO; Sara Barry, COO; and Tom Borys, Vice President of Finance

October 28, 2020

ACO Role in Achieving a High-Value Health Care System

Improve Health

Facilitate Delivery Reform

> When providers of all types work together to care for the whole person, including mental and physical health, overall health and quality of life improves, costs decrease, and the providers themselves thrive, so it's a victory all around.

Steve Gordon
President and CEO of Brattleboro Memorial Hospital

> The PMPM money that our practice got kept us alive when the patients weren't there.

Dr. Joe Hagan
Lakeside Pediatrics

Stabilize Health Care Costs

In Support of Payment Reform

ACO Role in Achieving a High-Value Health Care System

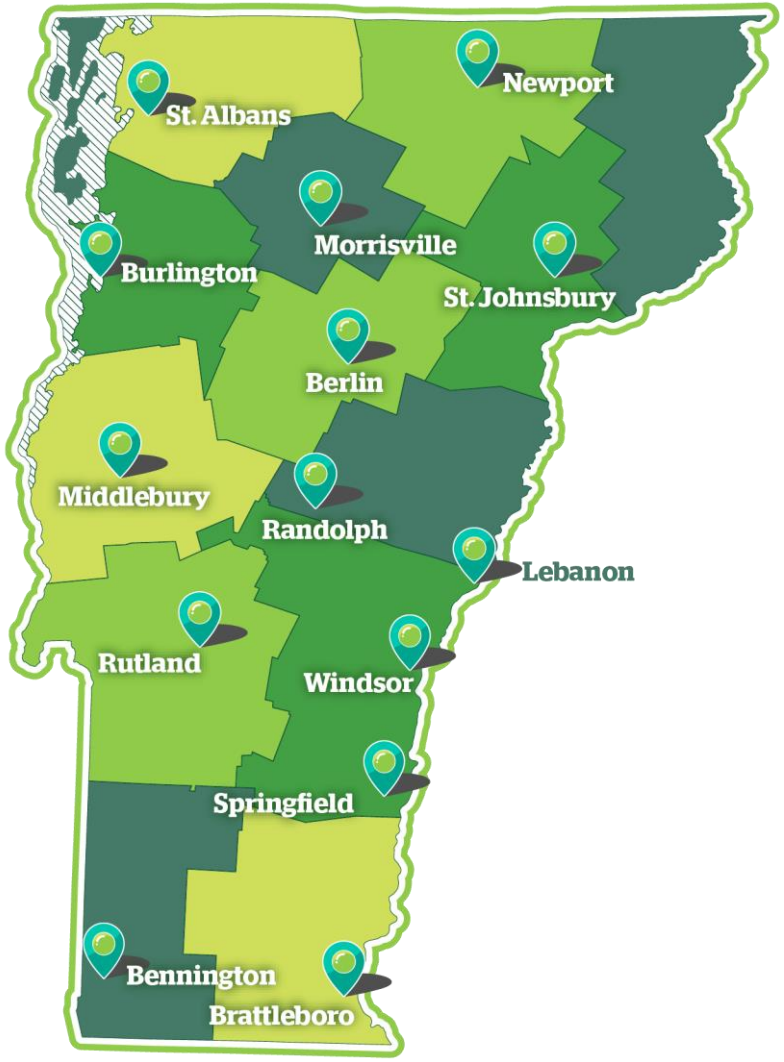
Support Providers Participating in Value-Based Care

Shared Infrastructure

> We're excited to be joining the Medicare program with OneCare for the first time this year. OneCare's approach provides the best opportunity to achieve meaningful health care payment and delivery reform here in Vermont.

Claudio Fort
President and CEO of Rutland Regional Medical Center

2021 ACO Map and Participants



~288,000 Vermonters

cumulatively covered by payers

- 14 Hospitals (including founders)
- 127 Primary Care Practices
- 274 Specialty Care Practices
- 9 FQHCs
- 22 Skilled Nursing Facilities
- 10 Home Health Agencies
- 5 Area Agencies on Aging
- 10 Designated Agencies for Mental Health and Substance Use

Vermont's Reform Model

The Agreement:

- Administration, regulation, and evaluation
- Design and financing of public insurance programs

The Payers:

- Offer health care insurance
- Contract with ACOs to offer value-based health care program contracts

ACO(s):

- Implement clinical programs to support patient care
- Design payment reform programs (fixed payments/Comprehensive Payment Reform)
- Provide data, analysis and risk management

Public-Private Partnership

Vermont All Payer Model

Five-year agreement between these organizations:

Green Mountain Care Board

Office of the Governor

Agency of Human Services

the State of Vermont

CMS CENTERS FOR MEDICARE & MEDICAID SERVICES

Commercial and Public Payers

BlueCross BlueShield of Vermont

MVP HEALTH CARE

Medicaid.gov Keeping America Healthy

Medicare.gov

Accountable Care Organizations (ACOs)

OneCare Vermont

OneCare is led by:

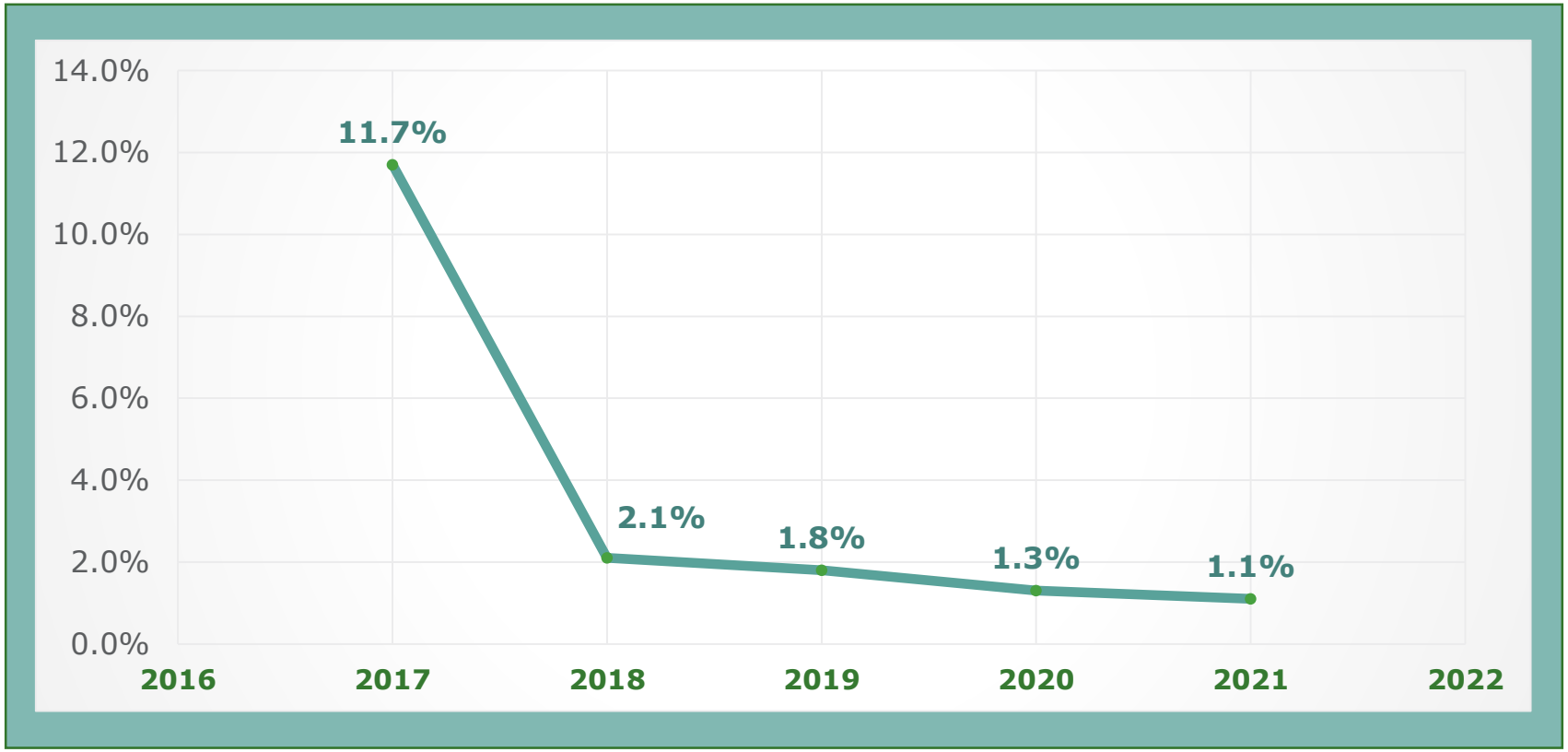
Vermont Hospitals, Primary Care, Home Health, Mental Health, Skilled Nursing Facilities, and Specialty practices

Shared Infrastructure

2021 Accountability

Combined Healthcare Costs Under Value Based Care	$1,459,000,000
Less: Existing Healthcare Spending	- $1,412,000,000
OneCare Vermont Budget	$46,700,000
Less: Network Investment Payments (2.1%)	- $30,600,000
Less: Operating Costs (1.1%)	- $16,100,000
Gain (Loss)	$0

Economies of Scale



- The ratio of OneCare operating expenses to total healthcare accountability continues to decline

OneCare's Budget Supports
Health Care Providers' Participation in Value-Based Care

Population Health Management

Shared Infrastructure

OneCare's Budget Supporting

Participation in Value-Based Care

$30 Million in Investments in Population Health Programs

Primary Care Investments: >$19 million on top of FFS

- Independent physician payments reforms (up to 49% more revenue than standard FFS)
- Population health management (PHM) payments
- Quality incentives
- Primary care engagement payments
- Care coordination for primary care
- Continued financial support for state led programs such as the Blueprint for Health

Community Investments: >$11 million on top of FFS

- Care coordination
- Longitudinal Care
- DULCE for Parent Child Centers and legal aid
- Primary prevention and self management programs
- Pilots supporting mental health care for SASH and DAs
- Continued financial support of state led programs such as CHT and SASH

OneCare's Budget Supporting
Participation in Value-Based Care

Shared Statewide infrastructure at 1.1% admin ratio

Facilitating Delivery Reform

- Data and analysis to improve health care outcomes
- Quality reports that identify care opportunities
- Benefit and payer waivers that allow for greater provider flexibility and better patient experience
- Best practices and care coordination programs to deliver better care

Supporting Payment Reform

- Vehicle to share risk/rewards with payers
- Value-based care programs to incentivize value over volume
- FFS dollars converted to value-based fixed payments
- Payment waivers to allow for investments in ACO programs and state reforms

2021
ACO Programs

"The pandemic has made it clear that fee-for-service is unsustainable, and we're fully committed to value-based care as the solution to stabilizing Vermont's increasing health care costs."

Claudio Fort
President and CEO of Rutland Regional Medical Center

Value-Based Care Programs

Continuation of all programs offered in 2020 expected

Impact of COVID on all programs:

- Attribution
- Total cost of care
- Risk arrangements

Medicare

- Anticipating similar program design
- 4.35% trend budgeted per CMS forecast

Medicaid

- Continuing with expanded attribution model

BCBSVT Primary

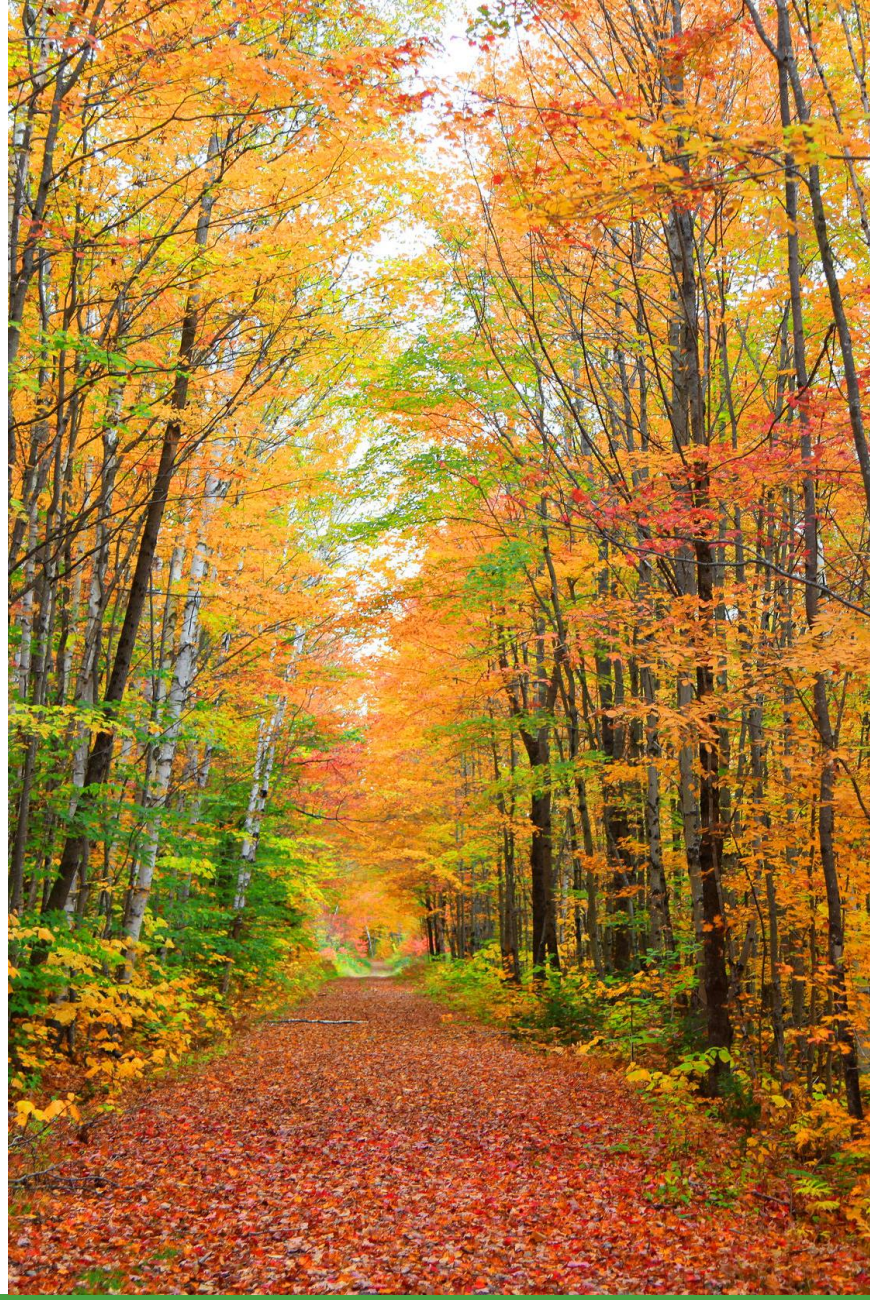
- Similar overall program design
- Working with BCBSVT to increase employer understanding of program model

BCBSVT QHP

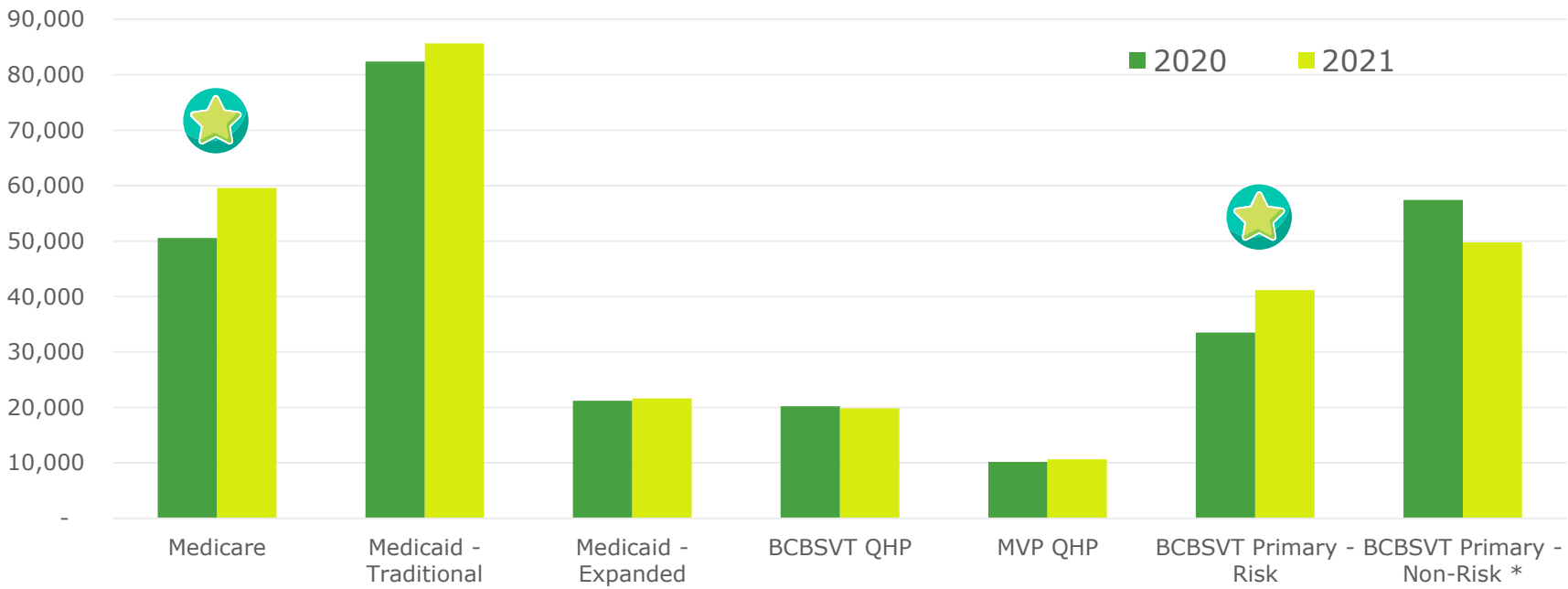
- Anticipating similar program design

MVP QHP

- Budget includes the second year of the program



9.4% Growth in Scale-Target Attribution

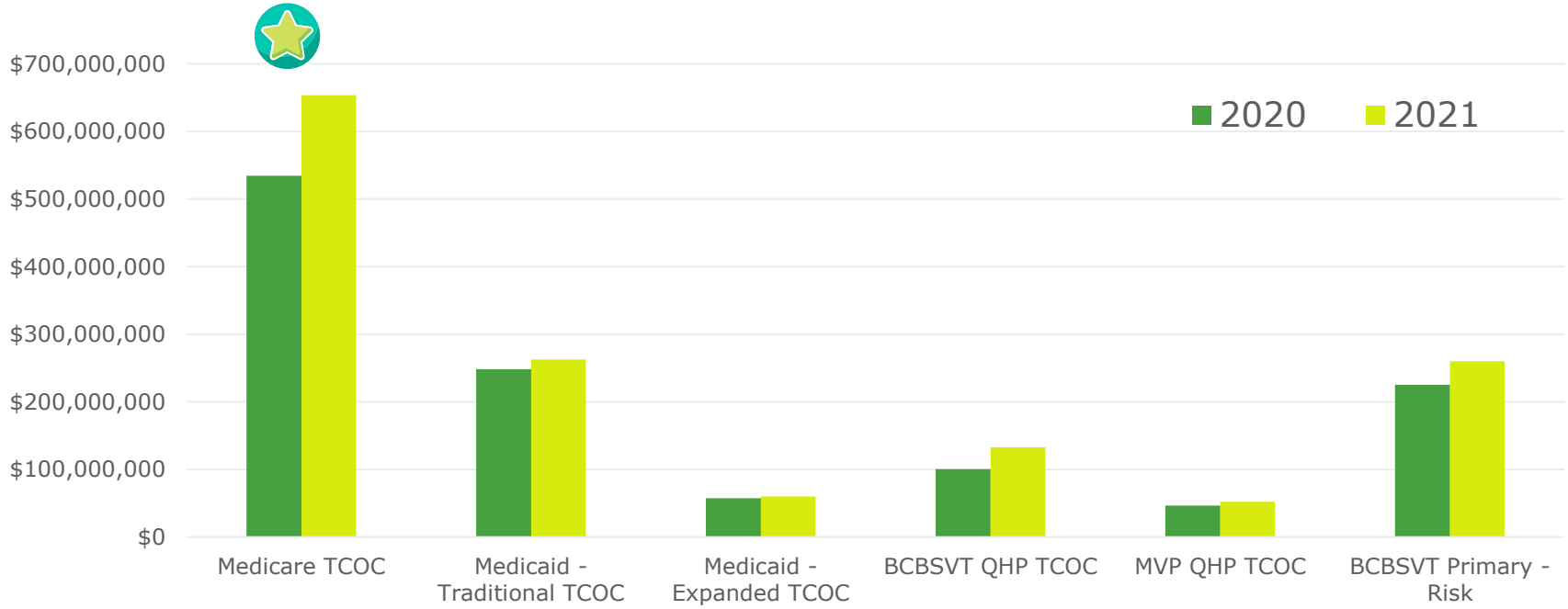


Budget Includes 288k lives; 238k qualify for scale

- Estimated 17.8% increase in Medicare attribution due to Rutland HSA participation
- Anticipating additional employer groups moving into BCBSVT's value-based model for self-insured plans

** Does not qualify for All-Payer Model scale*

17.1% Growth in Health Care Accountability



$1.42B of Health Care Costs in Value-Based Contracts

- Estimated 22.2% increase in Medicare accountability (largely driven by Rutland)
- Other accountability growth follows insurance rate increases and other payer reimbursement modifications

***TCOC**: Total Cost of Care*

Sigificant Reductions in Risk

In response to COVID, OneCare is negotiating with payers to modify risk terms

- Respond to the financial impact of COVID on the provider community
- Stay on the value-based care path

	2020 Pre-COVID	2021	Change
Total Risk *	$36,602,294	$19,046,573	($17,555,721)

Budget does not include a Medicare risk protection arrangement

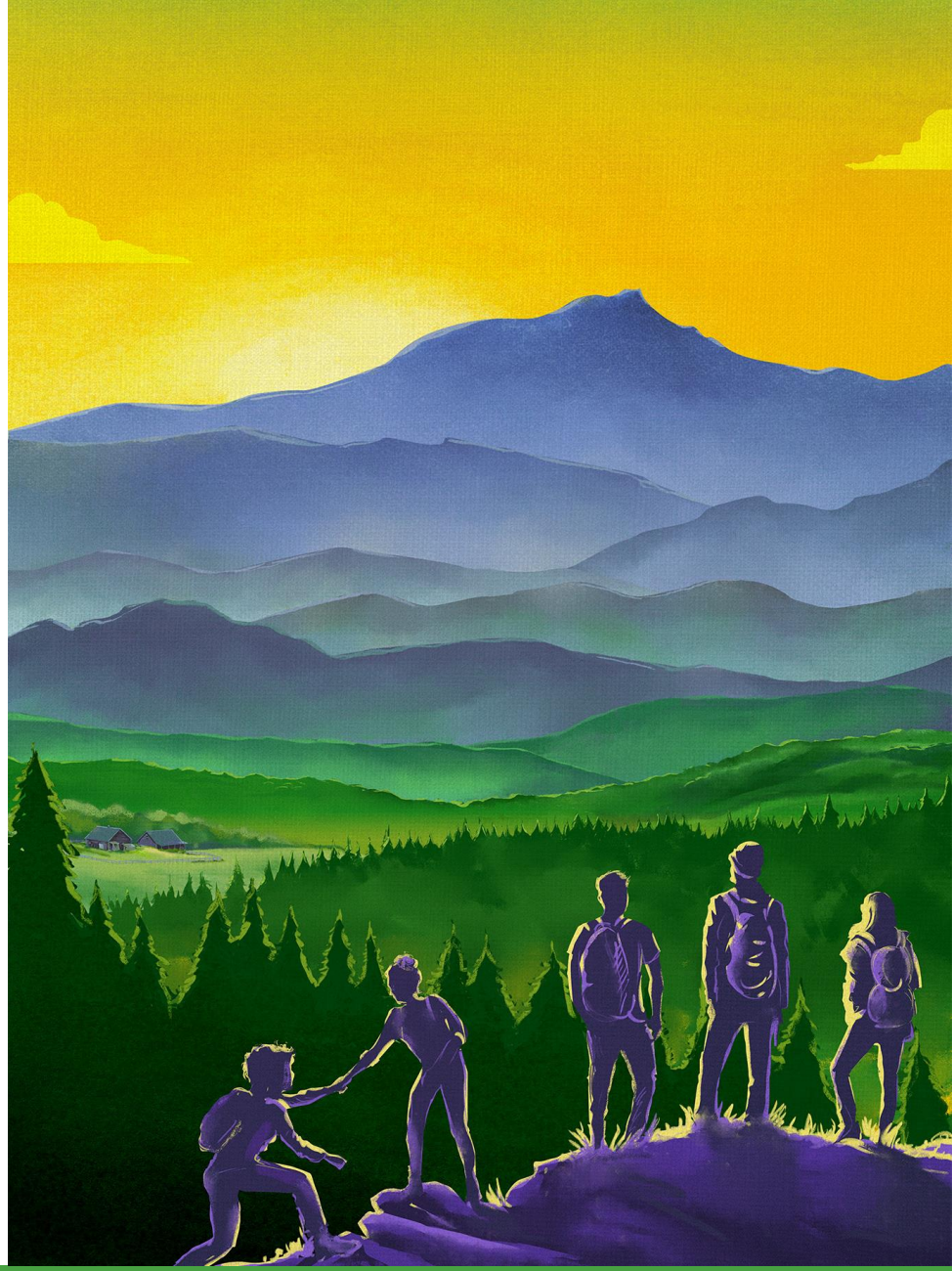
* 2021 MVP Program has $1,570,274 of upside potential in addition to the number shown

Risk Model Evolution

Savings/Losses will be distributed differently

The OneCare aggregate results will be allocated proportionally to health service areas (HSAs)

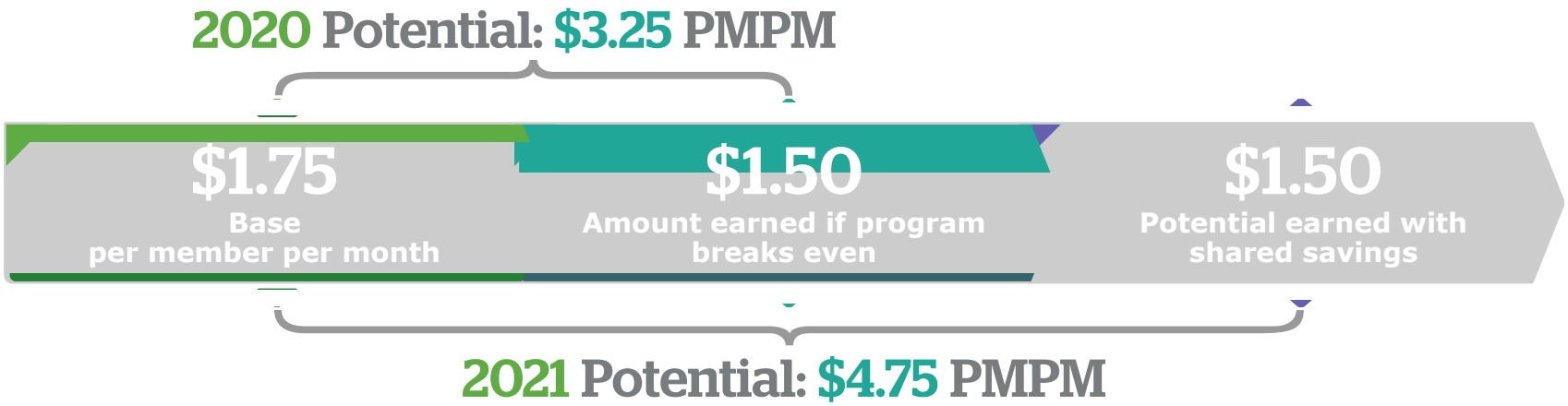
- Creates a statewide system of health
- Provider success will now align with Vermont's success under the All-Payer Model
- Much simpler and more stable for network participants
- Avoids actuarial challenges with small populations



Risk Model Evolution Continued

For the first time, providers other than hospitals are included in the accountability model and have an opportunity to claim shared savings

- For two-sided risk program, the OneCare primary care investment will start at a base $1.75 PMPM level and increase based on performance



- This variable investment model avoids the need to invoice any primary care practice at the end of the year, simplifies administrative work, and ensures their end result is a net positive investment

- Expanding accountability more broadly across the provider spectrum is a strategy to encourage increased engagement

2021
OneCare Vermont Budget

Overview: $46.7M Budget

Balanced Budget

- No profit or loss
- No additional contributions to OneCare reserves

Key Strategies

- Enhance sustainability of Vermont's healthcare reform efforts
  - Increased focus on program areas with opportunity to yield positive total cost of care and quality outcomes
  - Do our part in reducing healthcare reform costs placed on dues-paying hospitals
- Sustain core programs and commitments
- Continue to invest in primary care

$30.6M in Population Health Management program investments

$16.1M in OneCare shared infrastructure

Revenue Highlights

- **Budgeted consistent reform investments through payer contracts**
- **Anticipating level Delivery System Reform (DSR) funding of $3.9M subject to state and federal approval**
- **No Health Information Technology Funding $2.8M in Federal Health Information**
- **$861k contract with Blueprint for Self-Management Programming**
- **$9.5M reduction in hospital dues over 2020 Pre-COVID budgeted level**
  - $3.3M reduction from 2020 Post-COVID budgeted level

Revenue Highlights

Area	2020 Revised	2021	Change
Payer Program Support	$11,477,109	$12,074,039	$596,930
Blueprint Funding	$8,401,660	$8,401,660	$0
DSR Funding	$3,900,000	$3,900,000	$0
Health Information Technology	$2,800,000	$0	($2,800,000)
Fixed Payment Allocation	$4,300,000	$3,780,835	($519,165)
Blueprint Self-Management	$0	$861,000	$861,000
Other Revenues	$1,829,074	$2,738,214	$909,140
Hospital Dues	$18,225,772	$14,935,770	($3,290,002)
Total	**$50,933,615**	**$46,691,518**	**($4,242,097)**

Expense Highlights:
Population Health Management Investments

Continuation of Longstanding Population Health Initiatives

- Protects established revenue streams

Comprehensive Payment Reform Program

- Continued program growth
- $5 Per Member Per Month (PMPM) enhancement for participants

Two-Prong Strategy to Quality

- Aiming to align program quality components with Medicare model
- Separately funding a Value Based Incentive Fund that allows for more targeted focus and timely rewards for strong performance

New Blueprint Self-Management Program

- Creates further alignment between Blueprint and OneCare programs

PHM Investment Areas

Investment Area	Amount	Focus & Purpose
Primary Care Services	$11,552,561	Payments to primary care intended to supply resources to focus on population health initiatives and the All-Payer Model goals
Care Coordination	$7,275,652	Payments designed to encourage enhanced coordination and communication of patient care across providers; DULCE initiative
Quality	$2,074,000	Incentivizing focus on quality with emphasis on All-Payer Model goals
Primary Prevention	$950,000	Investments in RiseVT and self-management initiatives that aim to build and maintain a healthy population
Specialty / Innovation	$305,097	Investments for innovative program pilots with the opportunity to improve care, generate savings and expand to other communities
Blueprint Programs	$8,401,660	Supports and Services at Home (SASH), Community Health Team (CHT), and Patient Centered Medical Home (PCMH) payments
Total	$30,558,970	Total funding opportunity; dependent on provider engagement and attribution

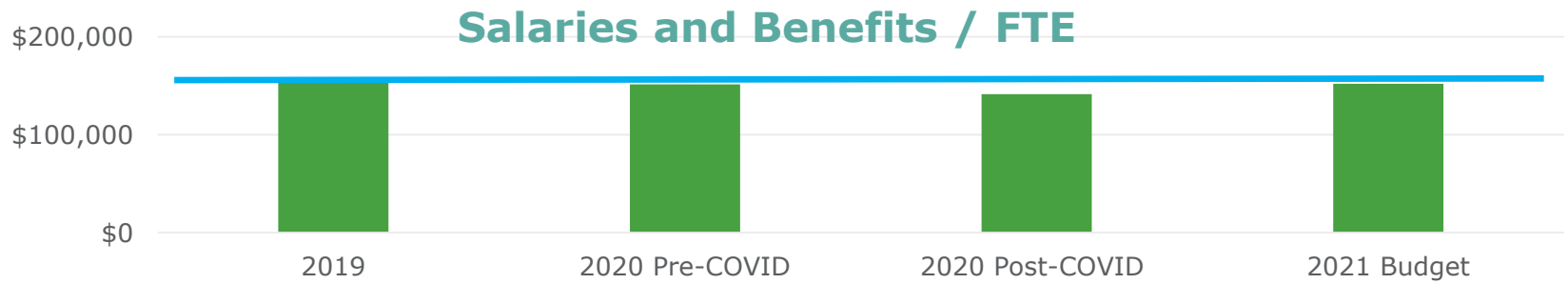
PHM Investment Recipients

Provider Type	Amount	Programs
Primary Care Providers	$19,112,907	OneCare PMPM; Care Coordination Program; Value Based Incentive Fund; Comprehensive Payment Reform Program; Innovation Fund; Blueprint Programs
Supports and Services at Home (SASH)	$3,968,246	Blueprint Programs
Community Health Teams	$2,440,322	Blueprint Programs
Home Health Providers	$2,202,910	Care Coordination Program; Value Based Incentive Fund
Community Investments	$1,348,161	Primary Prevention; DULCE
Specialty & Acute Care	$665,777	Specialist Program; Value Based Incentive Fund
Designated Agencies / Mental Health	$571,761	Care Coordination Program; Value Based Incentive Fund; Specialist Program; Innovation Fund
Area Agencies on Aging	$248,887	Care Coordination Program
Total	**$30,558,970**	Total funding opportunity; dependent on provider engagement and attribution

Expense Highlights: Operations

Goal: Balance the need to reduce dues to hospitals while ensuring OneCare has the resources needed to remain effective

Staffing			
	2020 Pre-COVID	2020 Post-COVID	2021
Position Count	79.00	68.00	66.00
Paid FTEs	77.75	59.03	64.65



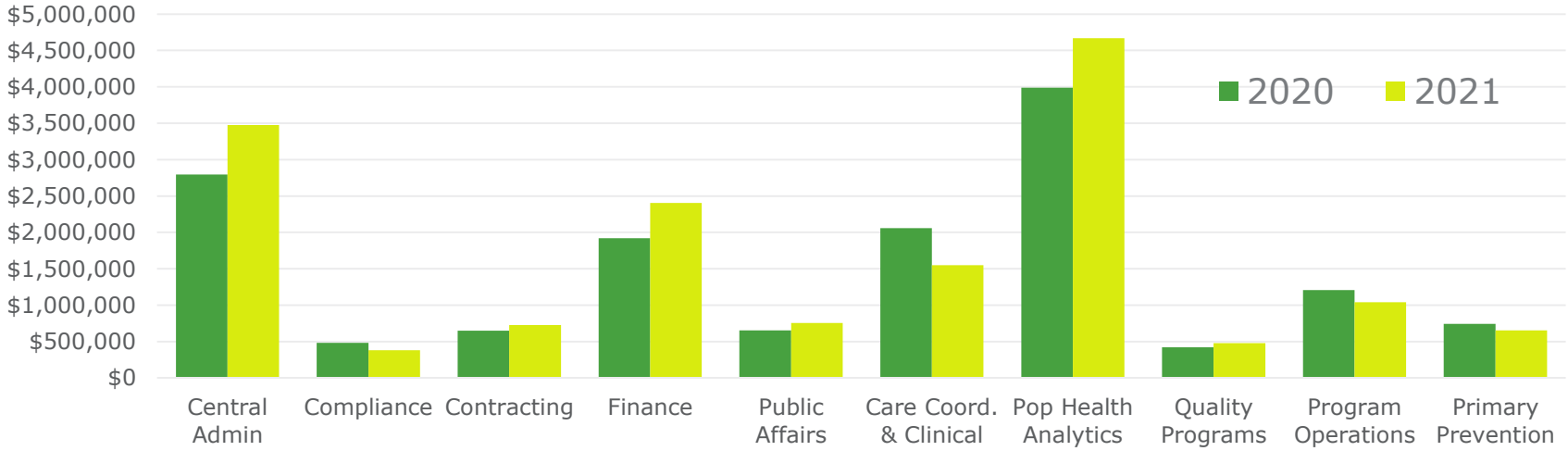
Operating Expenses

- General expense management
- Uncertainty remains in regard to 2021 work structure (i.e. remote vs. in-person vs. hybrid)
  - Budget assumes some returning to "normal" but not at pre-COVID levels
- Significant increase budgeted for GMCB billback

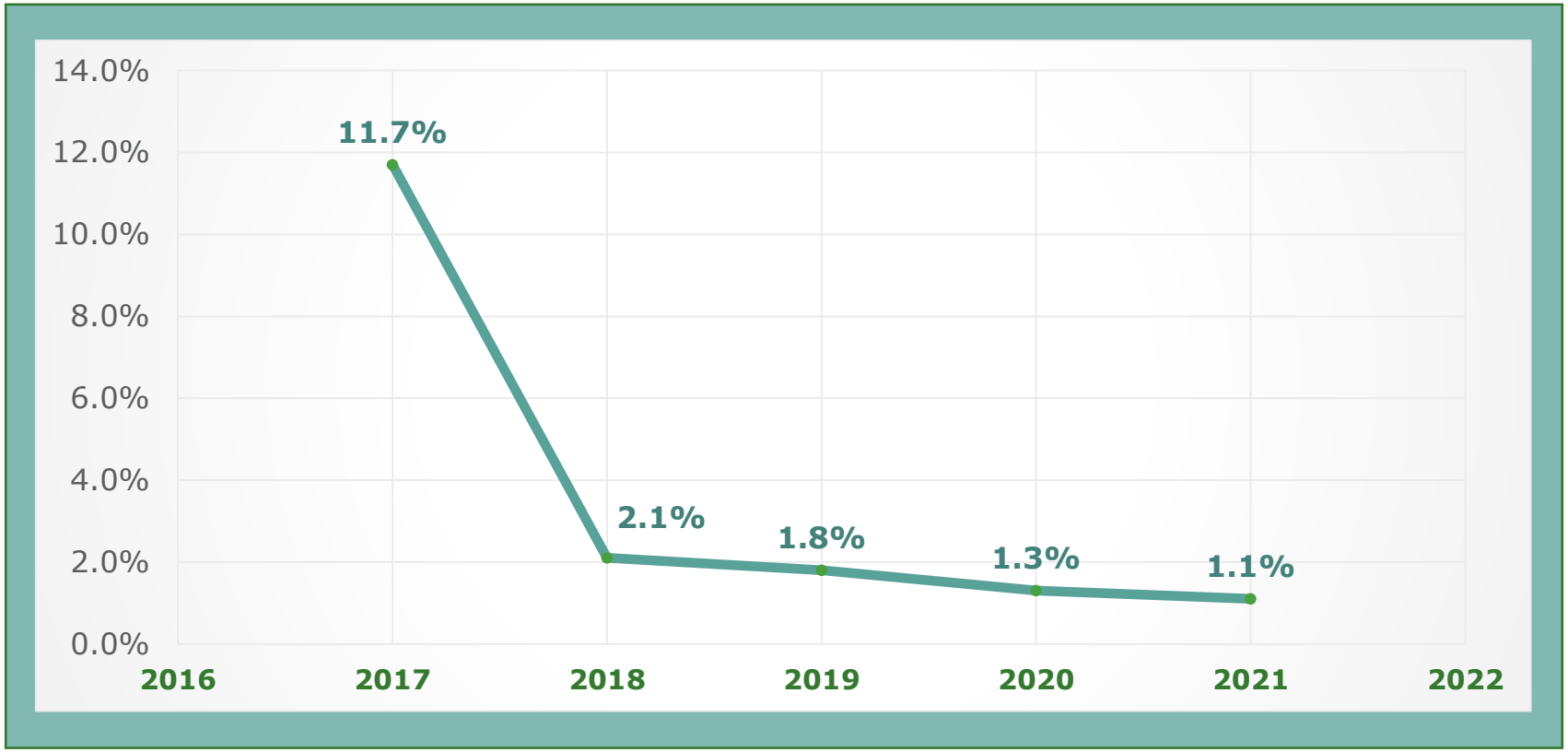
Expense Highlights: Operations

	2020 Revised	2021	Change
Wages & Fringe	$8,352,999	$9,823,181	$1,470,182
Contracted	$1,521,813	$938,250	($583,563)
Software	$3,631,889	$3,578,979	($52,910)
Insurance	$118,859	$122,425	$3,566
Meetings	$22,500	$26,214	$3,714
Marketing	$67,500	$79,575	$12,075
Travel	$66,750	$63,250	($3,500)
Supplies	$195,330	$223,420	$28,090
Other Operating Expenses	$448,000	$656,000	$208,000
Professional Development	$59,452	$78,593	$19,141
Occupancy	$431,389	$542,661	$111,272
Total	**$14,916,480**	**$16,132,547**	**$1,216,067**

- Lift hiring freeze
- Restore compensation
- Transition contracted positions to staff
- Increased GMCB billback



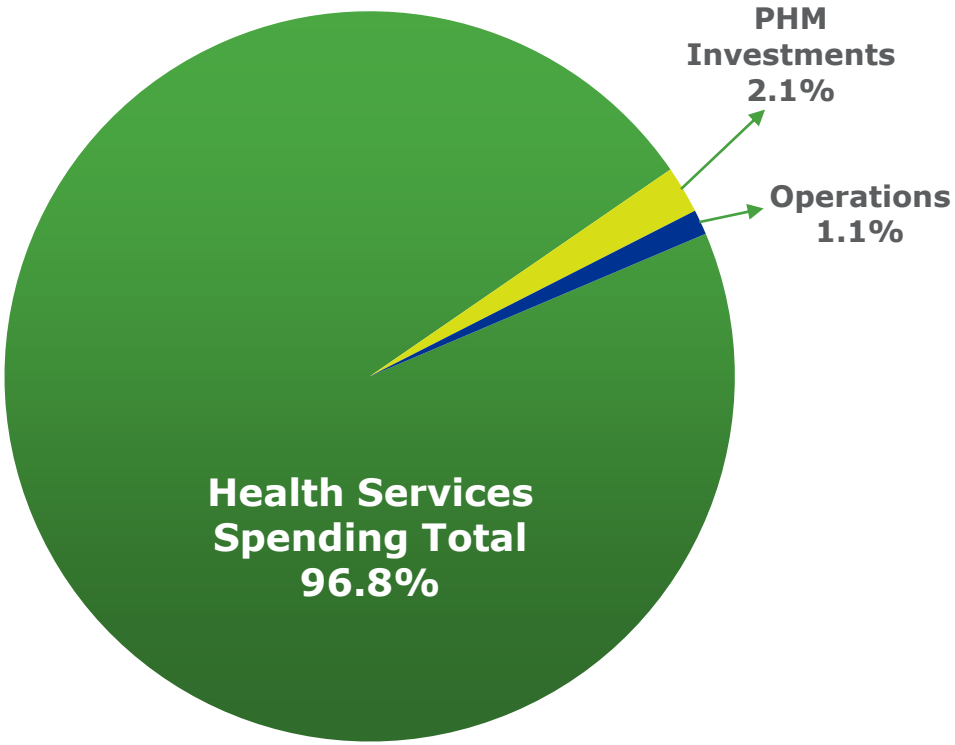
Economies of Scale



- The ratio of OneCare operating expenses to total healthcare accountability continues to decline

Full OneCare ACO Accountability Budget

Summary Income Statement	2021 Budget
TCOC Targets	$1,420,737,319
Payer Contract Rev.	$12,074,039
DSR Funding	$3,900,000
Other Revenues	$7,380,049
Hospital Dues	$14,935,770
Total Revenue	**$1,459,027,177**
Health Services	$1,412,335,659
PHM Investments	$30,558,970
Operating Costs	$16,132,547
Total Expenses	**$1,459,027,177**
Gain (Loss)	**$0**



Income Statement

Income Statement *	2021 Budget
Medicare TCOC	$645,122,160
Medicare - Blueprint Obligation	$8,401,660
Medicaid - Traditional TCOC	$262,586,994
Medicaid - Expanded TCOC	$59,935,720
BCBSVT QHP TCOC	$132,478,705
MVP QHP TCOC	$52,342,466
BCBSVT Primary - Risk	$259,869,615
TCOC Targets Total	**$1,420,737,319**
Payer Program Support	$12,074,039
DSR Funding	$3,900,000
Fixed Payment Allocation	$3,780,835
Blueprint Self-Management	$861,000
Other Revenues	$2,738,214
Hospital Dues	$14,935,770
Total Revenue	**$1,459,027,177**
FFS Spend	$937,916,841
Fixed Payment Spend	$474,418,818
Health Services Spending Total	**$1,412,335,659**
Base OCV PMPM	$9,694,801
Complex Care Coordination Program	$7,275,652
Value-Based Incentive Fund	$2,074,000
Self-Management Payments	$600,000
RiseVT Payments	$350,000
CPR Program Payments	$1,200,000
Specialist and Innovation	$305,097
PCP Engagement	$657,760
SASH	$3,968,246
Blueprint PCMH	$1,993,092
Blueprint CHT	$2,440,322
Total PHM Investments	**$30,558,970**
General Operations	$16,132,547
Total Infrastructure	**$16,132,547**
Total Expenses	**$1,459,027,177**
Gain (Loss)	**$0**

Balance Sheet

Balance Sheet	2021 Budget
Cash & Investments	$18,912,820
Reserves	$3,900,000
Total Cash, Investments, & Reserves	**$22,812,820**
Accounts Receivable	$1,950,000
Accounts Receivable - Settlement w/ Payers	$0
Accounts Receivable - Settlement w/ Network	$0
Prepaid Expenses	$250,000
Other Current Assets	$0
Current Assets	**$25,012,820**
Board Designated Assets	$0
Net, Property, Plant And Equipment	$31,853
Other Long-Term Assets	$0
Total Assets	**$25,044,673**
Deferred Revenue	$1,020,508
Due to Related Parties	$3,521,163
Accounts Payable	$16,429,320
Accounts Payable - Settlement w/ Payers	$0
Accounts Payable - Settlement w/ Network	$0
Designated Risk Reserve Fund Balance	$0
Other Current Liabilities	$0
Long Term Liabilities	$0
Other Noncurrent Liabilities	$0
Total Liabilities	**$20,970,991**
Retained Earnings	$4,023,682
Capital Contributions	$50,000
Total Equity	**$4,073,682**
Liabilities and Equities	**$25,044,673**

* The income statement is displayed in a non-GAAP manner in order to transparently display the scope of 2021 operations

2021
Population Health Management

Population Health Approach: A Plan for Every Person

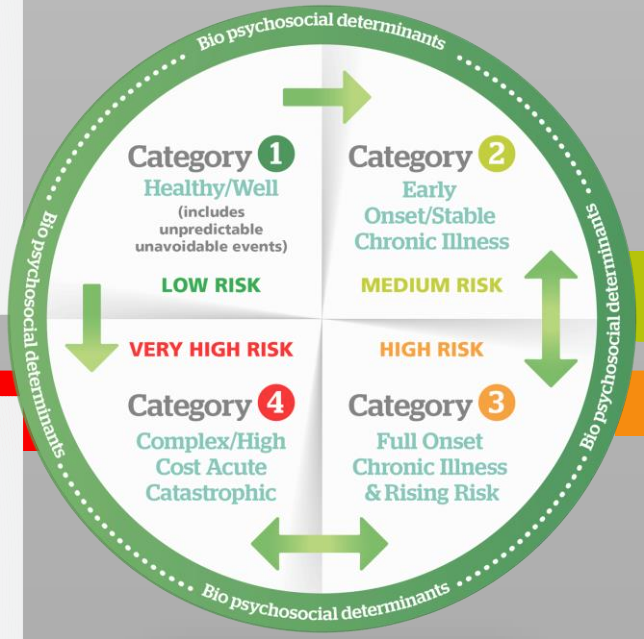
Core Activities

44% of the population

- RiseVT and DULCE
- Primary Care Engagement
- Preventive Care (e.g. tests, immunizations, screenings)

40% of the population

- Self-Management integration with Blueprint
- SASH Mental Health Pilot
- Shared Decision Making between provider and patient



6% of the population

- Hospice
- Palliative Care
- Disease-specific clinical education

16% Lives
60% Spending
95% Multiple Chronic
52% MH Condition

10% of the population

- Care coordination integrating physical, mental, and social needs
- Shared Care Plans
- Longitudinal care pilot

Fred's Story

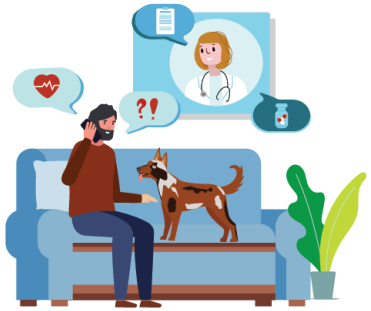
- Fred = patient in 50s; outreach in early 2019
- Care team reached out and established trust and a plan
- Two dozen plus serious health conditions (diabetes, pain, GI issues, no teeth, etc.)
- Care coordination team led by PCP RN
- As trust set in, Fred reached out more often about issues before they got worse (telehealth)
- Went from high to medium risk in OneCare stratification, health care costs greatly reduced

Results from Care Coordination

Based on data for 12 months before & 12 months after intervention

EMERGENCY DEPARTMENT ADMITS DECREASED from 8 to 0

PRIMARY CARE AND SPECIALIST VISITS DOUBLED from 10 to 20



FREQUENT CHECK-INS USING TELEHEALTH kept issues from getting worse

HEALTH CARE COSTS REDUCED by 97.4% from $293K to $7K

https://youtu.be/z11XNaJWE50

Improving Quality of Care

Reduce Deaths Related to Suicide and Drug Overdose

Initiation of Alcohol and Other Drug Dependence Treatment

2019 rate 35.42%

2022 target 40.8%

Engagement of Alcohol and Other Drug Dependence Treatment

2019 rate 13.72%

2022 target 14.6%

30-Day Follow-Up After Discharge from ED for Mental Health

2019 rate 76.05%

2022 target 60%

30-Day Follow-Up After Discharge for Alcohol or Other Drug Dependence

2019 rate 33.01%

2022 target 40%

Screening for Clinical Depression and Follow-Up Plan

2019 rate 52.69%
(Medicare 50th percentile)

2022 target 70th – 80th Medicare percentile

OneCare Investment Strategies: Population Health Management Payments, Value-Based Incentive Fund, and Complex Care Coordination Program
Payer(s): Multi-Payer (Medicare, Medicaid and BCBSVT QHP)

Improving Quality of Care
Reduce Chronic Disease

Diabetes HbA1c Poor Control

2019 rate 13.49%
(Medicare 80th percentile)

2022 target 70th – 80th Medicare percentile

Controlling High Blood Pressure

2019 rate 71.46%
(Medicare 70th percentile)

2022 target 70th – 80th Medicare percentile

All-Cause Unplanned Admissions for Patients with Multiple Chronic Conditions

2019 rate 60.04%
(Medicare 40th percentile)

2022 target 70th – 80th Medicare percentile

Tobacco Use Assessment and Cessation Intervention (Population 2)

2019 rate 86.36%
(Medicare 80th percentile)

2022 target 70th – 80th Medicare percentile

OneCare Investment Strategies: Population Health Management Payments, Specialist Program, Primary Prevention Programs, Innovation Fund, and/or the Value-Based Incentive Fund.

Improving Quality of Care

Increase Access to Primary Care

ACO CAHPS Composite: Getting Timely Care, Appointments, and Information

2019 rate = 82.48%
(Medicare 80th percentile)

2022 target → 70th – 80th Medicare percentile

OneCare Investment Strategies: Population Health Management Payments; Value-Based Incentive Fund

2021 Focus Areas

Complex Care Coordination

Focused Approach to Quality

Increasing Provider Accountability

Timely Data and Analytics

https://youtu.be/N0I9XGAPACw

I view this also as an investment in the future. OneCare Vermont is not, in my judgment, a company. It is investment in movement, it is investment in movements that may not produce results in a year, or two years, or three years. I view it as a future that we can offer to Vermonters. We may not benefit from the future today, we may not benefit from it in five years. But I think we are doing it for our children and for our children's children.

Tomasz Jankowski, DPT, MHA, MBA
President & CEO, Northeast Kingdom Human Services