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ACO Oversight

Final Staff Recommendations on OneCare Vermont's Proposed FY 2021 Budget

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December 23, 2020

Agenda

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1. Process
2. Follow-up to 12/18 ACO Budget Update
3. Public Comment since 12/9
4. Review Staff Recommendations and Budget Conditions
5. Next Steps
6. Questions/Public Comment
7. Potential Board Vote

FY 2021 Proposed Budget Order Conditions - Process

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1. Staff Recommendations
    1. Incorporated relevant FY20 conditions
    2. New Recommendations
2. Incorporated Board feedback & Public Comment
3. **Today:** Review budget order conditions
    1. Board discussion, public comment, potential vote

Follow-up to 12/18 ACO Budget Update

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OneCare sent a letter dated December 21st, 2020 clarifying information on their proposed plan related to Blueprint funds flow and the desired Medicare trend rate for the Advanced Shared Savings component of the 2021 benchmark.

Public Comment Since 12/9

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Since the last presentation on 12/9, the GMCB has received five additional public comments from:

- Julie Wasserman, MPH
- Walter Carpenter
- Kim Fitzgerald, Cathedral Square
- Robert Hoffman, M.A., LPC, MPH
- Agency of Human Services

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Recommendations and Budget Conditions

2021 Budget Conditions

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1. Reporting Manual
2. Scale Target ACO Initiatives
3. Benchmark Trend Rates
4. Maximum Risk Limits
5. Risk Model
6. Revised Budget Presentation
7. Revised Budget Submission
8. Administrative Expenses
9. Reserve
10. Population Health Management Programs
11. Blueprint for Health and SASH funding
12. Demonstrated Value of OneCare Vermont
13. Audited Financials
14. OneCare Vermont Analytic Demonstration
15. Increasing Fixed Prospective Payments
16. Adjustment of Dates
17. Further Orders

1) Reporting Manual

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- *New condition for FY21*
- The GMCB expects to issue reporting requirements in the coming months pursuant to GMCB Rule 5.501. Reporting may be required on network development; attribution; payer programs and their alignment; finances, including dues and administrative expenses; risk; population health programs and investments; quality; and variations in cost and quality, all of which have been the subject of reporting requirements imposed by the Board in prior budget orders. However, reporting may also be required on any other subjects or issues relating to the ACO, ACO activities, or ACO providers or participants. These reporting requirements will be in addition to information required in the Annual Budget Review Guidance and Certification Eligibility Review Form released by the GMCB each summer. Under GMCB Rule 5.501, and as a condition of this budget order, OneCare must consult with GMCB staff as needed in the development of the reporting requirements, including the development of required data templates and formats, and must completely, timely, and accurately report all data and analyses specified therein.

2) Scale Target ACO Initiatives

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- *Updated condition for FY21*
- To the greatest extent possible, OneCare must design payer programs to qualify as Scale Target ACO Initiatives (as defined by the All-Payer Accountable Care Organization Model Agreement) and to reasonably align in key areas, including beneficiary alignment methodology, ACO quality measures, payment mechanisms, risk arrangements, and services included for determination of any shared losses and shared savings. For each payer program OneCare enters into that does not qualify as a Scale Target ACO Initiative, and for each program element that is not reasonably aligned across payers, OneCare must provide a detailed justification to the GMCB. OneCare must report to the GMCB on its payer programs as specified in the reporting manual.

3) Benchmark Trend Rates

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- *Updated condition for FY21*
- OneCare must ensure that its payer contracts are consistent with the following 2021 benchmark trend rates and related conditions:
  - a) Vermont Medicare ACO Initiative: the trend factors proposed by the Board and approved by CMS;
  - b) Medicaid Next Generation ACO Program: the trend factors that are consistent with the Board's recommendations in the Medicaid advisory rate case.
  - c) Commercial:
    - i. The 2021 benchmark trend rates for commercial programs must be consistent with the ACO-attributed population and the GMCB approved rate filings, if any; and
    - ii. OneCare must provide the Board with (a) actuarial certifications for each of its commercial (including self-funded) benchmarks stating that the benchmark is adequate but not excessive; (b) an explanation of how its overall rate of growth across all payers fits within the overall APM target rate of growth and, if its overall rate of growth exceeds the APM target, how it plans to achieve the target for the term of APM Agreement (2017 to 2022); and (c) a revised budget based on the finalized benchmarks.

4) Maximum Risk Limits

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- *Updated condition for FY21*
- The maximum amount of risk OneCare may assume for 2021 is the sum of the following: 2% of the Medicare benchmark; 2% of the Medicaid benchmark for the traditional attribution cohort and 1% of the Medicaid benchmark for the expanded attribution cohort; and the amounts of commercial risk as described in OneCare's FY2021 budget submission. OneCare must request and receive an adjustment to its budget prior to executing a contract that would cause it to exceed these risk levels.

5) Risk Model

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- *Updated and new condition for FY21*
- OneCare must implement the risk model that it described in its budget proposal and must request and receive approval from the Board prior to making any material changes thereto. OneCare must:
  a) Submit to the Board copies of the contracts that bind each of the risk-bearing hospitals to OneCare's risk sharing policy no later than 10 days after all contracts have been executed;
  b) Notify and seek approval from the Board as early as possible of any proposed changes to the risk model and, for any proposed changes determined by Board staff to be material, provide the Board with detailed information, including effects by hospital and by founder; and
  c) Submit underlying risk model methodologies for distribution of shared savings or losses (SS/SL), including mechanics of the 10% performance incentive pool, any market factor adjustments, or any other potential adjustments to SS/SL on or before March 31, 2021. The Board may require OneCare to come before the Board in a public meeting to explain the details of the risk model and its impact on incentive structures to the Board on or before April 15, 2021.

6) Revised Budget

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- *Updated condition for FY21*
- No later than April 15, 2020, OneCare must present to the Board on the following topics:
  a) 2021 attribution and payer contracts;
  b) Revised budget, based on final attribution;
  c) Final description of population health initiatives;
  d) Expected hospital dues for 2021 by hospital;
  e) Expected hospital risk for 2021 by hospital and by payer;
  f) Any changes to the overall risk model for 2021;
  g) Source(s) of funds for OneCare's 2021 population health management programs;
  h) Any other information the Board deems relevant to ensuring compliance with this order.

7) Revised Budget Presentation

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- *Updated condition for FY21*
- No later than March 31, 2021, OneCare must provide GMCB staff with the supporting documentation relevant to the topics identified in Condition 6. 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 2021 by hospital;
  - f) Hospital risk for 2021 by hospital and payer;
  - g) Documentation of any changes to the overall risk model for 2021;
  - h) Source of funds for its 2021 population health management programs;
  - i) OneCare must quantify the proportion of the VBIF that is now operationalized at settlement, versus distributed throughout the performance year; explaining and quantifying any and all other mechanisms that tie financial incentives to quality performance;
  - j) OneCare's most recent strategic plan; and
  - k) Any other information the Board deems relevant to ensuring compliance with this order.

8) Administrative Expenses

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- *New condition for FY21*
- If OneCare does not secure Delivery System Reform funding and the Blueprint Self-Management contract in the amounts reflected in the October 1 Budget submission, then a revised administrative budget must be submitted consistent with Conditions 6 and 7. By March 31, 2021, OneCare shall submit benchmark information on salaries and benefits.
  - **Option 1**: In 2021, OneCare's Administrative Expenses must not exceed 2019 actuals (~$15.4 million), with a commensurate reduction of hospital dues or reallocation to population health management or payment reform programs.
  - **Option 2**: In 2021, OneCare's Administrative Expenses must not exceed $15.9 million.
  - **Option 3**: In 2021, OneCare's Administrative Expenses must not exceed 2019 actuals (~$15.4 million), at least until OneCare submits for review and approval by the Board, a plan to tie OneCare's executive compensation to ACO financial and quality performance.

9) Reserves

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- *Updated condition for FY21*
- If OneCare uses its reserve, it must notify the Board within 15 days of such use. Notification must include the reason for drawing down the reserve and, for any use authorized under this condition, a corresponding cash flow analysis. The use of this reserve shall be limited to:
    a) Additional funding for population health investments;
    b) Financial backing for risk incurred by participating providers;
    c) Maintaining ACO-wide risk on behalf of participating providers;
    d) Temporary cash flow issues associated with payer revenue delays; and
    e) Other uses pre-approved by the Board.

10) Population Health Management Programs

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- *Same as FY20*
- If population health management and payment reform programs are not fully funded as detailed in OneCare's 2021 budget submission, OneCare must submit a revised proposal no later than March 31, 2021 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.

11) Blueprint for Health and SASH Funding

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- *Updated condition for FY21*
- In 2021, OneCare must fund SASH in the amount of $4,140,865, equivalent to the 2020 budgeted amount of $3,968,246 plus an inflationary factor of 4.35%, contingent on the increase in funding being used to enhance programs or expand access to Medicare beneficiaries. In 2021 OneCare must fund the Blueprint for Health (PCMH and CHT) investments in the amount of $4,626,268, equivalent to the 2020 budgeted amount of $4,433,414 plus an inflationary factor of 4.35%, consistent with the medical home and community health team program payment design approved by the Agency of Human Services.

12) Demonstrated Value of OneCare Vermont

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- *Same as FY20*
- Over the duration of the APM Agreement, OneCare's administrative expenses must be less than the health care savings, including an estimate of cost avoidance and the value of improved health, projected to be generated through the Model.

13) Audited Financials

- *Updated condition for FY21*
- OneCare must submit its audited financial statements as soon as they are available and must submit information as required by the Board to monitor OneCare's performance. OneCare must crosswalk submitted actuals per its budget submission to audited financial statements for fiscal years 2018-2021.

14) OCV Analytic Demonstration

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- *New condition for FY21*
- OneCare to provide GMCB staff with a demonstration of data, analytics, and tools available to its network participants (including Care Navigator, Workbench One etc.).

15) Increasing Fixed Prospective Payments

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- *New condition for FY21*
- OneCare must work with commercial payers to propose a timeline for working toward higher levels of fixed prospective payments in contract model design, with clear goals and milestones.

16) Adjustment of Dates

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- *New condition for FY21*
- Director of Health Systems Policy may adjust the dates in this order after consulting OneCare.

17) Further Orders

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- *Standard condition in previous orders*
- After notice and an opportunity to be heard, the Board may make such further orders as are necessary to carry out the purposes of this Order and 18 V.S.A. § 9382.

Next Steps

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1. Potential Board Vote – December 23rd (today)
2. Issue Budget Order – Early 2021
3. Revised Budget – Spring 2021
   - Executed Contracts
   - Final Attribution
4. Staff recommendations incorporated into FY21 Reporting Manual and FY22 Budget Guidance– January-Spring 2021

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Questions & Public Comment

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Potential Board Vote