



**Confidential FY 2022 Budget and Certification
Responses to Round 2 Questions from
Green Mountain Care Board and Health Care Advocate**

GMCB Questions

1. **The slides presented by OneCare Vermont at the November 10 hearing in some cases did not clearly match the submitted budget documents. Please resubmit the slides, clarifying the following areas:**

- **Slide 10: VBIF total (\$2.2M) does not align with budgeted VBIF amount for FY22.**

Slide 10 speaks to OneCare's core capability of network performance management with a specific focus on quality in the current performance year (2021). It accurately illustrates that \$2.2M is available to the network in multiple installments throughout the year. Separately, the 2022 budget includes \$1M of new funding for the 2022 performance year combined with \$527,247 of existing funds for a total of \$1,527,247 referenced on slides 41 and 48.

- **Slides 35, 37, 41, and 42: Total OneCare administrative budget amount (\$44.1M, per slides) and total population health management spending amount (\$28.9M) do not match the budget submission.**

The figures referenced do tie to the budget submission. In each GMCB budget submission, OneCare displays the scope of operations as transparently as possible. The financial figures include components that illustrate elements such as the total cost of care, which from both a conceptual and GAAP standpoint are not OneCare revenue. In tandem with this approach, OneCare also aims to showcase the budget components that more cleanly represent OneCare programs and operations. This latter perspective links to the \$44.1M total referenced in the question (see notation in table below). Additionally, the \$44.1M total is broken down further to isolate funds that flow through to providers. The \$28.9M figure represents this component (see notation in table below). The last perspective supplied in the budget submission is the GAAP budget. The difference between the \$44.1M figure referenced and the GAAP budget columns is driven by funds that OneCare is obligated to pay to providers through contract terms. Because of this dynamic, the funds are not deemed to be OneCare revenue or expense and are considered pass-through from an accounting standpoint.

		FY22 Budget - Submitted	OneCare Operations Breakdown	FY22 Budget - Submitted GAAP
	Medicare Modified Next Gen - Basic***	251,585,674	-	-
	Medicaid Next Generation - Trad	103,248,341	-	-
	Medicaid Next Generation - Exp	21,971,896	-	-
	BCBSVT QHP Program	153,906,943	-	-
	BCBSVT Primary Risk	277,644,746	-	-
	MVP Program	66,924,423	-	-
	Expected Health Care Spend Components processed EXTERNALLY to OneCare (FFS Claims Component, surcharges, etc)	875,282,023	-	-
PHM/Payment Reform Prgm.	Fixed Prospective Payments	445,882,154	-	-
	Population Health Mgmt Payment	9,457,821	9,457,821	1,644,348
	Complex Care Coordination Program	6,150,463	6,150,463	6,150,463
	Value-Based Incentive Fund	1,000,000	1,000,000	1,000,000
	CPR Program Expense - OCV Funded	1,331,256	1,331,256	1,331,256
	Primary Prevention Programs - Program Match	165,000	165,000	165,000
	Primary Prevention Programs - Amplify Grants	50,000	50,000	50,000
	Primary Prevention Programs - DULCE	204,485	204,485	204,485
	Self-Management Network Payments	-	-	-
	Longitudinal Care	399,000	399,000	399,000
	Specialist Program -Chronic Kidney Disease	10,874	10,874	10,874
	Specialist Program -Mental Health Initiatives	255,009	255,009	255,009
	Innovation Fund	268,990	268,990	268,990
	PCP Engagement Incentive Pmt - BCBSVT Primary	-	-	-
	PCP Engagement Incentive Pmt - Medicaid Expanded	-	-	-
	RCRs	-	-	-
	Blueprint Payments (PCMH)	1,993,092	1,993,092	-
	Blueprint Payments (CHT)	2,795,095	2,795,095	-
	Blueprint Payments (SASH)	4,285,795	4,285,795	-
	PCHP Program Initiative	-	-	-
	Howard Center SASH	-	-	-
	VBIF Reinvestment - Quality Initiatives	527,247	527,247	527,247
	Total PHM Pmts	474,776,282	28,894,128	12,006,673
	Settlement Exp	-	-	-
	Total PHM/Payment Reform Prgm.	474,776,282	28,894,128	12,006,673
Operational Expenses	Salaries, Payroll taxes & Fringe	9,651,315	9,651,315	9,651,315
	Software/Informatics Tools	2,516,505	2,516,505	2,516,505
	Consulting, legal and purchased services	1,193,249	1,193,249	1,193,249
	Travel, Supplies and Other	1,926,469	1,926,469	1,926,469
	Total Operating Expenses	15,287,538	15,287,538	15,287,538
Total		1,365,345,843	44,181,666	27,294,211

2. Referencing OneCare's response to Round 1 Question 19:

- In the Financial Workbook, Appendix 6.1-6.3 "Variance Analysis – Line Item Explanation" states that the 16% increase (cell C9) in funds "Due to UVMC" (cell A9) "Reflects updates to shared resource model" (cell D9). This alludes to a change in the shared resource model whereas OneCare's response to the GACB's round 1 questions states: "The 2022 budget reflects the continuation of the shared resource model between UVMC and OneCare." Please clarify what updates were made to the shared resource model or update documentation, as necessary.

Since the initial GACB budget submission for the 2018 fiscal year, OneCare has relied on shared services with UVMC that enable more cost-efficient operations. These shared services include essential administrative functions such as accounts payable, IT, HR, and payroll. Further, UVMC is the hiring attachment point for all OneCare employees. Thus, with any change in FTE, this flows through the Due to UVMC account. This dynamic means the dollar amount in the Due to UVMC balance sheet line item fluctuates over time in alignment with OneCare's budget.

3. Referencing OneCare's response to Round 1 Q21:

- OneCare's response to Round 1 Q21 states: "The change in membership prompted a review of the appropriate treatment of Dartmouth's \$25,000 initial capital investment. The review is underway at the time of this submission." Please provide an update on the status of this review if an update is available, or indicate when you expect this review to be complete.

At this point in time the Dartmouth \$25,000 capital investment is still under review with legal and audit teams. Potential outcomes include a refund to Dartmouth, or the funds being retained by OneCare as a contribution. We anticipate a determination on this matter prior to the end of our fiscal year and will notify GACB of the final status.

4. Referencing OneCare’s response to Round 1 Q22.c:

- Provide a table showing the refunded participation fee amount broken down by hospital. List the hospital, and the amount refunded to and received by each hospital (see example chart below). The total amount refunded should tie to the amount listed in the FY20 audited financial statements (\$3,137,167).

Hospital Name	FY20 Par Fee Amount Refunded
Brattleboro Memorial Hospital	\$140,412.98
Central Vermont Medical Center	\$413,737.42
Copley Hospital	\$23,609.37
Dartmouth-Hitchcock Clinic	\$179,726.86
Gifford Medical Center	\$17,581.54
North Country Hospital and Health Center	\$141,979.06
Northeastern Vermont Regional Hospital	\$90,456.56
Northwestern Medical Center	\$202,181.63
Porter Hospital	\$134,747.34
Southwestern Vermont Medical Center	\$261,605.59
Springfield Hospital	\$19,993.22
The Rutland Hospital	\$177,584.77
University of Vermont Medical Center	\$1,263,438.30
Windsor Hospital	\$70,102.28
Total	\$3,137,166.92

5. Referencing OneCare’s response to Round 1 Q22.d:

- OneCare’s response to Round 1 Q22.d states: “No plan has been made regarding any participation fee adjustments for 2021. Whether or not credits are issued will be based on an evaluation of issues such as the status of contract negotiations, outcomes from the budget process, accounting best practices, and the financial condition of the hospitals.” How is the financial condition of the hospitals evaluated? What is the process for making this assessment and what factors are considered?

This is future state and ultimately up to the Finance Committee and the Board of Managers (BOM), following process noted in policy 04-10 Dues adopted in 2020. While it’s hard to predict what factors will be brought up by either governing body this year, it’s important to note that the committees and BOM are comprised of members from diverse provider types. This helps

to ensure that decisions have multiple perspectives and are ultimately in the best interest of OneCare and its provider participants. Given this, possible factors may include ongoing financial impacts from the pandemic, need for ACO reserves, overall program outcomes, and accounting changes resulting from the 501(c)(3) status.

6. Referencing OneCare’s response to Round 1 Q25.a:

- **OneCare’s response to Round 1 Q25.a states: “Savings resulting from compensation cuts (salary reductions and loss of 403b contribution) related to COVID was \$123,471. In addition, the short term incentive program was cancelled for 2020. There was no back- pay in 2021 to make up for the compensation reductions.” What caused the change in the \$123,471 in compensation cuts related to COVID-19 provided in OneCare’s response to the GMCB’s Round 1 questions compared to the \$595K discussed during last year’s budget process?**

This difference is due to the cancellation of the short term incentive program in 2020, which is not included in the \$123k of compensation cuts as it is an amount that would have been paid based on achievement of goals. Said more plainly, cuts occurred in two ways – first in reduction in immediate compensation and benefits (\$123K) and second through the elimination of the short-term incentive program (~\$472K).

7. Referencing OneCare’s response to Round 1 Q25.b.i:

- **OneCare’s response to Round 1 Q25.b.i states: “Despite making some FTE changes in a prior year budget submission, other positions that remained in the staffing model were vacant and under recruitment. As such, the difference between the FTE adjustment figure and the total vacancies, amongst other staffing modifications, reflected continuing positions that were unfilled at the point in time. Note that the 5.62 FTE adjustment was just one component of the staffing shifts mentioned in the December 15, 2020 document.” Please clarify the comment “Note that the 5.62 FTE adjustment was just one component of the staffing shifts mentioned in the December 15, 2020 document.” See the excerpt below from OneCare’s budget submission on October 1, 2020. Did the filled positions or the budgeted vacant positions cost the estimated \$666k, or were there savings here? Please also identify what positions on the organizational chart that are currently listed as vacant will not be filled.**

Income Statement	2020 ~ Budget		2021 Budget	2020B - 2020P \$ Change
	Approved	Projected	Submitted	
FTEs - Prorated for Time of Hire ^^^^	59.03	59.03	64.65	5.62
FTEs - Based on Positions	67.25	67.25	64.65	

To clarify, the 5.62 FTE figure relates back to the expense management strategy OneCare implemented in 2020. During those uncertain times, OneCare installed a hiring freeze for all open positions. As such, a number of positions were temporarily removed from the budget to reduce expense, and therefore reduce hospital

participation fees. Subsequently, when the 2021 budget was developed, an evaluation took place of all frozen positions. Ultimately some were deemed essential to operations and restored. The 5.62 FTE adjustment noted in the question is the net increase between the 2020 budget with the hiring freeze and the 2021 budget. While OneCare does not maintain a detailed reconciliation of vacant positions in a prior year budget submission to the actual incurred expenditures once filled, none of the filled positions deviated significantly from the budgeted plan. There may be some savings, however, due to the fact that OneCare continues to struggle to fill open positions.

The following positions were included in the 2021 budget model and are not included in the 2022 budget model:

- VP, Managed Care Contracting
- Privacy Manager
- Controller
- Population Health Analyst
- ACO Network Implementation Project Manager
- RiseVT Executive Director
- Contracting Specialist

8. REVISED: Referencing OneCare’s response to Round 1 Q25.b.iii: OneCare’s response to Round 1 Q25.b.iii includes a chart showing changes in FTEs by area/department.

- **Please amend table to show categories of FTE changes and the associated dollar values. Categories could include, for example: new hires, terminations, promotions, demotions, reclassifications, and other reconciling items like cost-of-living increases, compensation cuts, etc.**

The following table reconciles the 2021 salary and fringe budget to the 2022 salary and fringe budget. Note there are some compounding elements to these changes (ex. fringe will float based on other changes), but efforts have been made to isolate each component for the purpose of a fair representation.

(\$546,207)	Open Position Cuts
\$24,491	Base Compensation Changes
\$236,277	Annualize New Hires
\$64,964	New Positions
\$209,688	Cost of Living Increase
\$16,040	Change in Fringe Rate
\$5,253	Net Change

9. Referencing OneCare’s response to Round 1 Q29:

- **OneCare’s response to Round 1 Q29 states: “OneCare is in the process of preparing an updated year-end projection [for FY21] and will submit it with the Q3 financial filing. At this point there are many variables that will affect**

any participation fee adjustment decision.” Please provide the updated projection for FY2021 financial statements if an update is available, or indicate when you expect this review to be complete and provide updated statements as soon as possible within 5 business days. In addition, please inform the Board about the decision regarding participation fee adjustments as soon as possible within 5 business days.

See FY21 Projection file enclosed with this submission.

10. **Risk Breakdown to Show Accountability Pool Component** [Added by OneCare in response to additional question from GMCB]

During budget testimony OneCare agreed to submit a table showing the breakdown of risk that includes the Accountability Pool component. The following table shows how much is assigned to hospital primary care, non-hospital primary care, and the balance that remains for the risk-bearing entity.

Note confidential information is highlighted.

2022 Risk Breakdown - All Programs						
	Non-Hospital Attribution	Hospital Attribution	Non-Hospital Accountability Pool Share	Hospital Accountability Pool Share	Risk Bearing Entity Share	Total Risk/Reward
Bennington	3,856	8,683	\$58,210	\$130,050	\$1,226,281	\$1,414,541
Berlin	2,841	21,203	\$37,371	\$219,150	\$1,840,424	\$2,096,945
Brattleboro	2,712	4,503	\$42,504	\$69,570	\$712,189	\$824,263
Burlington	40,037	27,821	\$407,431	\$286,362	\$4,230,828	\$4,924,621
Lebanon	2,665	2,381	\$38,002	\$27,576	\$318,037	\$383,615
Middlebury	4,518	5,948	\$61,426	\$73,368	\$764,217	\$899,011
Morrisville	5,701	51	\$68,360	\$0	\$175,475	\$243,835
Newport	33	5,994	\$600	\$84,438	\$212,313	\$297,351
Randolph	3,622	0	\$65,188	\$0	\$156,698	\$221,885
Rutland	20,515	95	\$278,842	\$0	\$1,718,442	\$1,997,284
Springfield	6,205	73	\$86,234	\$0	\$212,343	\$298,577
St. Albans	8,559	7,139	\$123,958	\$104,796	\$1,374,330	\$1,603,084
St. Johnsbury	4,860	3,971	\$59,203	\$58,392	\$278,574	\$396,170
Townshend	0	0	\$0	\$0	\$0	\$0
Windsor	54	3,985	\$979	\$54,468	\$388,078	\$443,526
OneCare Vermont	0	0	\$0	\$0	\$125,000	\$125,000
Total	106,179	91,847	\$1,328,310	\$1,108,170	\$13,733,228	\$16,169,708

Health Care Advocate Questions

1. **Please answer yes or no: Can One Care Vermont (OCV) save Vermonters money over the next five years while allowing providers to maintain or increase their total revenue as compared to what they would have received under traditional fee-for-service?**
 - a. **If the answer is yes, please explain who or what entity will end up with less money in order for OCV to create these savings?**

Yes; value-based contracts facilitated by OneCare have elements of shared savings and shared losses that can save Vermonters money over time. If shared savings are earned, it likely means Vermonters received more efficient health care and therefore had lower out-of-pocket healthcare expenditures. If shared losses are owed, healthcare providers contribute funds back to payers who can use the contributions to offset future premium or tax increases.