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ACO Oversight
FY 2025 ACO Budget
OneCare Vermont

Staff Presentation

December 4, 2024

Agenda

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- Introduction and Background
  - Public Comment Received to Date
- FY 2025 OneCare Vermont Budget Review
  - Budget Targets
  - Financial Review
  - Population Health Programs Review
  - Benchmarking Report
  - Options for Budget Modification and Approval
- Board Questions and Discussion
- Public Comment

ACO Oversight Statute/Rule

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- Oversight of Accountable Care Organizations (18 V.S.A. § 9382 and Rule 5.000)
  - **Certification**: Occurs one-time following application for certification; eligibility verifications performed annually.
  - **Budget**: Review of ACO budget occurs annually, usually in the fall prior to start of budget/program year; payer contracts/attribution are finalized by spring of the budget year and the ACO submits a revised budget.

ACO Oversight: Standards of Review

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The standards and requirements by which we review the ACO submissions are set forth in:

1. 18 V.S.A., Chapter 220 (primarily 18 V.S.A. § 9382 "Oversight of Accountable Care Organizations");
2. GMCB Rule 5.000; and
3. All-Payer ACO Model Agreement.

Specifically, under Rule 5.405 the Board considers:

1. any benchmarks established under section 5.402 of this Rule;
2. the criteria listed in 18 V.S.A. § 9382(b)(1);
3. the elements of the ACO's Payer-specific programs and any applicable requirements of 18 V.S.A. § 9551 or the Vermont All-Payer Accountable Care Organization Model Agreement between the State of Vermont and CMS; and
4. any other issues at the discretion of the Board.

The ACO shall have the burden of justifying its budget to the Board.

OCV Budget and Certification Review Timeline FY 2025

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May 29, 2024	GMCB issues FY25 Certified ACO Budget Guidance
June 19, 2024	GMCB approves OCV's FY25 Risk Mitigation Plan
Aug 28, 2024	OCV submits certification verification materials
Oct 1, 2024	OCV submits FY25 budget
Nov 13, 2024	OneCare Vermont Budget Hearing
Dec 4, 2024	GMCB staff presentation: OneCare Vermont FY25 budget
Dec 18, 2024	GMCB deliberations on OneCare Vermont FY25 budget
Ongoing 2025- 2026	GMCB monitors FY25 actual performance against budget and conditions

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FY25 Budget Targets

FY25 Budget Targets

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- GMCB Authority to set benchmarks in Rule 5.402: The Board may establish benchmarks for any indicators to be used by ACOs in developing and preparing their proposed budgets.
- 8 budget targets were included as part of the FY25 OneCare Vermont Budget Guidance.
- “If the ACO’s proposed budget varies from the budget targets below, the Board will review the ACO’s proposed budget and its support for varying from these targets in its FY25 budget submission using the factors and criteria set out in statute and rule. For all budget targets that are met, the ACO should expect less analysis of this area of the budget from the GMCB and staff.”

FY25 Budget Targets

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- Recognizing that FY25 is the final year of this ACO payment model - the focus on the ACO minimizing administrative expenses to support only programs shown to yield positive benefits in terms of access, quality, and affordability for Vermonters and positive benefits for Vermont community providers
  - Finish out this Model while freeing up resources to be deployed to future purposes

FY25 Budget Targets

Targets		Target met?	Notes
1	The FY25 commercial benchmark trend rates must be consistent with the ACO-attributed population and the GMCB approved rate filings.	Yes	MVP met; UVMHN Self-Funded TBD
2	Maintain risk corridors for all public payer programs at minimum of FY23 levels or elect asymmetric risk corridor offered by Medicare.	Yes	3.0% for both Medicare and Medicaid
3	Aside from waivers provided in the 2024 amendment of the APM agreement, OneCare's FY25 budget should not support new programs. Administrative expenses should be associated with 1)programs demonstrated to yield positive benefits for Vermonters and VT Providers, or 2)programs/resources necessary to support APM requirements, or 3)meeting payer contractual obligations/participation requirements	Yes	No new programs
4	Ratio of operating expenses to PHM/payment reform payments (including FPP and budgeted bonus payments) must not exceed the FY24 revised budget amount	Yes	FY24 Revised: $0.03; FY25 Budget: $0.02
5	The ratio of population health management funding to number of attributed lives must be at a minimum of the FY24 revised budget amount; specific line items may vary based upon any internal evaluation of the effectiveness of individual PHM programs.	Yes	FY24 Revised: $165; FY25 Budget: $165
6	Continue efforts around the 3 metrics that the ACO has selected to address in response to the March 2023 Medicare ACO Performance Benchmarking report through the Quality Evaluation and Improvement plan. The ACO should justify its choice of tactics to improve performance in these areas.	Yes	Three metrics chosen: ED Utilization Annual Wellness Visits Number of beneficiaries with a primary care visit
7	Should the ACO choose to participate as an MSSP ACO in FY25 and leave the APM, OCV much submit a budget that reflects the fact that its value to the state is more limited and must provide any and all additional information as requested by the Board.	Yes	Elected to continue to participate in the final extension year of the APM
8	The ACO must account for its administrative budget by providing a breakout of the budget by function.	Yes	See appendix 6.10

OneCare's Announcement

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- On November 7, 2024, OneCare announced plans to wind down operations at the end of 2025.
- All programs will operate through 2025 as previous planned; no requested budget adjustments.
- Areas of uncertainty in 2026 and beyond
  - Support for primary care and continuum of care providers (loss of PHM and CPR funds)
  - Population health initiatives (incentivizing care coordination, quality improvement, waivers)
  - Fixed payments
  - Data analytics
  - Blueprint and SASH Funds

OneCare's Plans for 2025 and Beyond

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- Maintain workforce through 2025 and partial staffing in 2026 for runout tasks
- Fulfill contractual obligations with both payers and providers
- May reduce/eliminate expenses as necessary throughout the year
- May reduce hospital participation fees midyear
- No specific contingency plans for staffing, may lean on network
- No plans to migrate services to the PHSO
- No plans to modify executive compensation program

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Financial Review

High-Level Overview
Summary Income Statement

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Full-Accountability (Total Cost of Care) Budget

- Submitted budget is the result of provider network participation, negotiated payer program terms, and OneCare strategies to develop their network and payer programs

Summary - Full Accountability Budget (Non-GAAP)	
Budgeted FY2025 Revenue	$1,259,266,406
Budgeted FY2025 Expense	$1,259,266,406
Budgeted Net Income (Full Accountability)	$0

Full-Accountability Budget includes…

- Health care spending for OneCare attributed lives for TCOC services processed externally to OneCare (97%)
- Population health expenses (2%)
- Administrative expenses (1%)

Entity-Level (Organization-Level) Budget

- Submitted budget is elements that are not contractually obligated and are at the discretion of OneCare governance and leadership

Summary - OCV Entity-Level Budget (GAAP)	
Budgeted FY2025 Revenue	$21,969,940
Budgeted FY2025 Expense	$21,969,940
Budgeted Net Income (Entity-Level)	$0

Entity-Level Budget includes…

Revenues and expenses that are not contractually obligated as pass-through to providers, e.g.,

- Revenues: Participation fees; shared savings distribution (if any)
- Expenses: Shared losses distribution (if any); PHM investments; Admin expenses

ACO Budget & Financials

Summary Income Statement

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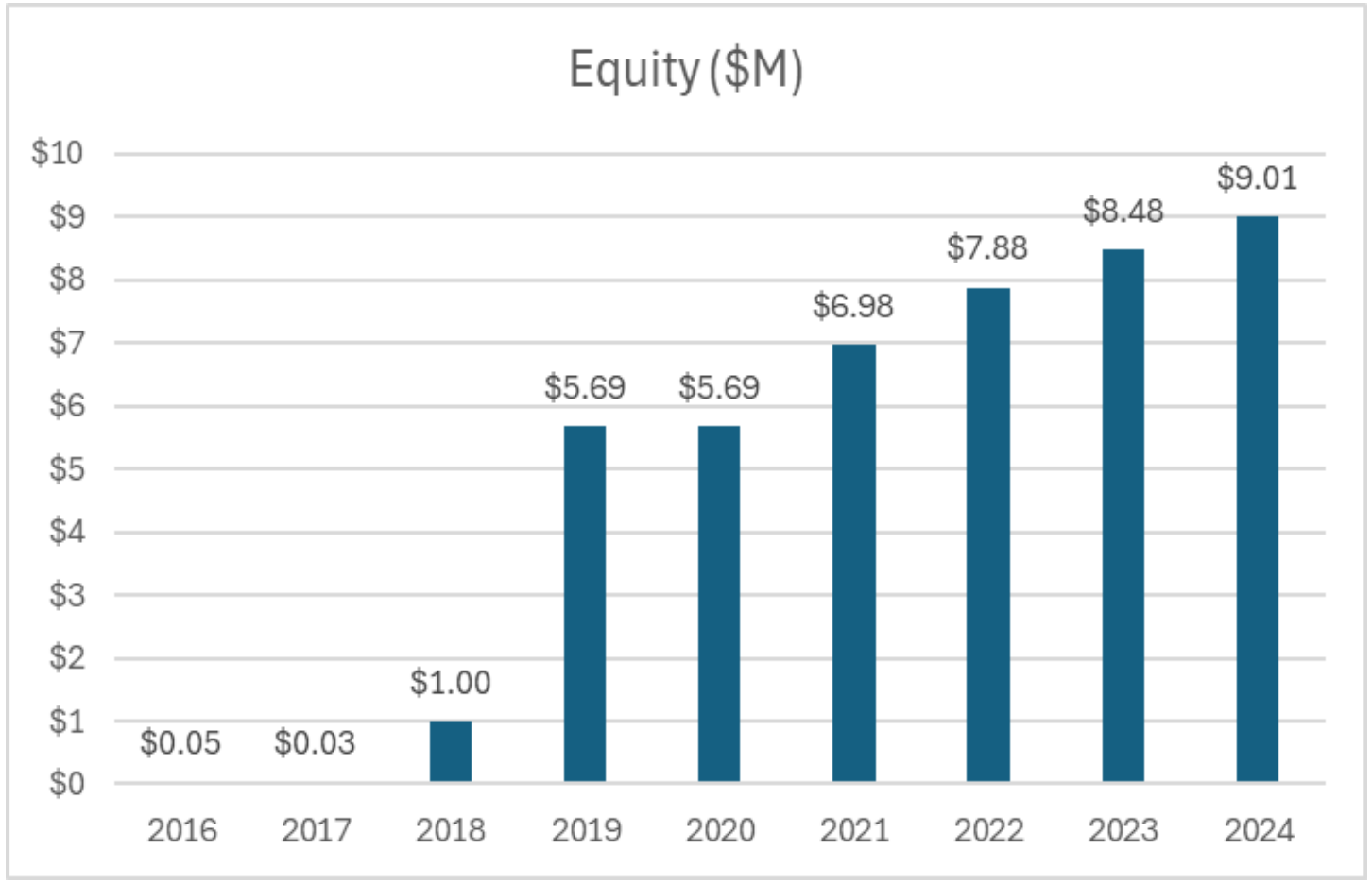
	2018 Actual	2023 Actual	2024 Projected	2025 Budget	FY25 - FY24	FY25 - FY18
Total Cost of Care Target Components (External)	$605,433,215	$533,983,148	$591,708,206	$607,148,962	$15,440,756	$1,715,747
Fixed Prospective Payment Funding (FPP)	$0	$471,491,596	$524,510,701	$512,325,231	-$12,185,470	$512,325,231
Other Contract Revenue	$4,326,298	$7,324,809	$8,659,742	$8,289,350	-$370,392	$3,963,052
Global Payment Program			$1,609,967	$109,532,921	$107,922,954	
State Supoort	$3,500,000					-$3,500,000
Participation Fees	$17,397,929	$17,642,958	$14,720,097	$16,822,322	$2,102,225	-$575,607
Deferred Participation Fees		$277,135	$2,200,202	$1,036,320	-$1,163,882	$1,036,320
Subtotal Partipation Fees	$17,397,929	$17,920,093	$16,920,299	$17,858,642	$938,343	$460,713
Administrative Revenue	$3,086,492					-$3,086,492
Consulting Revenue	$309,407					-$309,407
Other Revenue	$1,393,945	$23,318,566	$14,236,048	$4,111,298	-$10,124,750	$2,717,353
Income and Other Total Cost of Care Components	**$ 635,447,286**	**$1,054,038,212**	**$1,157,644,963**	**$1,259,266,404**	**$101,621,441**	**$623,819,119**
Total Health Care Spend Components (External)	$360,711,323	$529,042,001	$581,751,811	$596,794,316	$15,042,505	$236,082,993
Fixed Prospective Payments (FPP)	$237,390,466	$471,636,479	$524,514,974	$512,325,231	-$12,189,743	$274,934,765
Population Health Management (PHM)*	$22,637,268	$38,899,668	$37,640,468	$27,861,574	-$9,778,894	$5,224,306
Global Payment Program			$1,609,974	$109,532,921	$107,922,947	$109,532,921
Salaries and Benefits	$7,344,815	$7,424,058	$6,567,487	$7,202,258	$634,771	-$142,557
Contracted/Purchased Services	$1,746,953	$3,830,389	$3,836,357	$4,039,925	$203,568	$2,292,972
Software	$2,795,193	$1,505,051	$169,975	$239,192	$69,217	-$2,556,001
Other Operating Expenses	$1,852,142	$1,105,715	$1,014,821	$1,270,987	$256,166	-$581,155
Subtotal Operating Expenses	$13,739,103	$13,865,212	$11,588,640	$12,752,362	$1,163,722	-$986,740
Expenses and Health Care Spend Components	$634,478,160	$1,053,443,361	$1,157,105,867	$1,259,266,404	$102,160,537	$624,788,245
Net Income	$969,126	$594,851	$539,096	$0		
Administrative Ratio*	2.17%	1.32%	1.00%	1.11%		
PHM Ratio with Blueprint*	3.57%	3.69%	3.35%	2.42%		
PHM Ratio without Blueprint*	2.34%	3.49%	3.15%	2.22%		

*Removed Global Payment Program from Ratios

ACO Budget & Financials

Reserves & Net Assets



2019: $4.7M added to net assets
- GMCB ordered ACO to hold at least $3.9M in reserves by end of 2019
- Pop Health and Op Ex both under budget

2020: $0 added to net assets
- Specialist, innovation fund, and Op Ex under budget
- Par Fee credits issued

2021: $1.3M added to net assets
- Pop Health and Op Ex both under budget
- No par fee credits issued

2022: $901K added to net assets
- Op Ex under budget
- No par fee credits issued

2023: $595K added to net assets
- Op Ex under budget
- Par Fee credits of $1.8M were issued

2024: Projecting to add $503k to net assets
- Board ordered ACO to hold $7.6M in risk in 2024
- Pop Health and Op Ex under budget

ACO Budget & Financials

Reserves & Net Assets

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- Potential uses for reserves:
  - Staffing for 2026 for runout tasks
  - FY24 OneCare held risk ($7.6M)
    - Settlement occurs in 2026
  - FY25 OneCare held risk ($3.5M)
    - Settlement occurs in 2027
- Remaining reserves are directed for distribution by OneCare's Board of Managers

Hospital Participation Fees

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OCV Policy: In the event that profit accumulates, Participation Fees will be dynamically adjusted downward to allow for a profit of no more than three percent (3%) of the Board approved Participation Fee amount (exclusive of any intentionally generated reserves, if applicable) for the fiscal year. Should this occur, return of any Participation Fees due to hospital Participants will occur after the conclusion of the fiscal year audit.

OneCare could also reduce participation fees midyear if revenues outpace expenses to reduce credits due back to the hospitals.

FY2024 budgeted: $17,969,848

FY2024 projected participation fees: $14,720,097

FY2025 budgeted participation fees: $16,822,322

Operating Expenses

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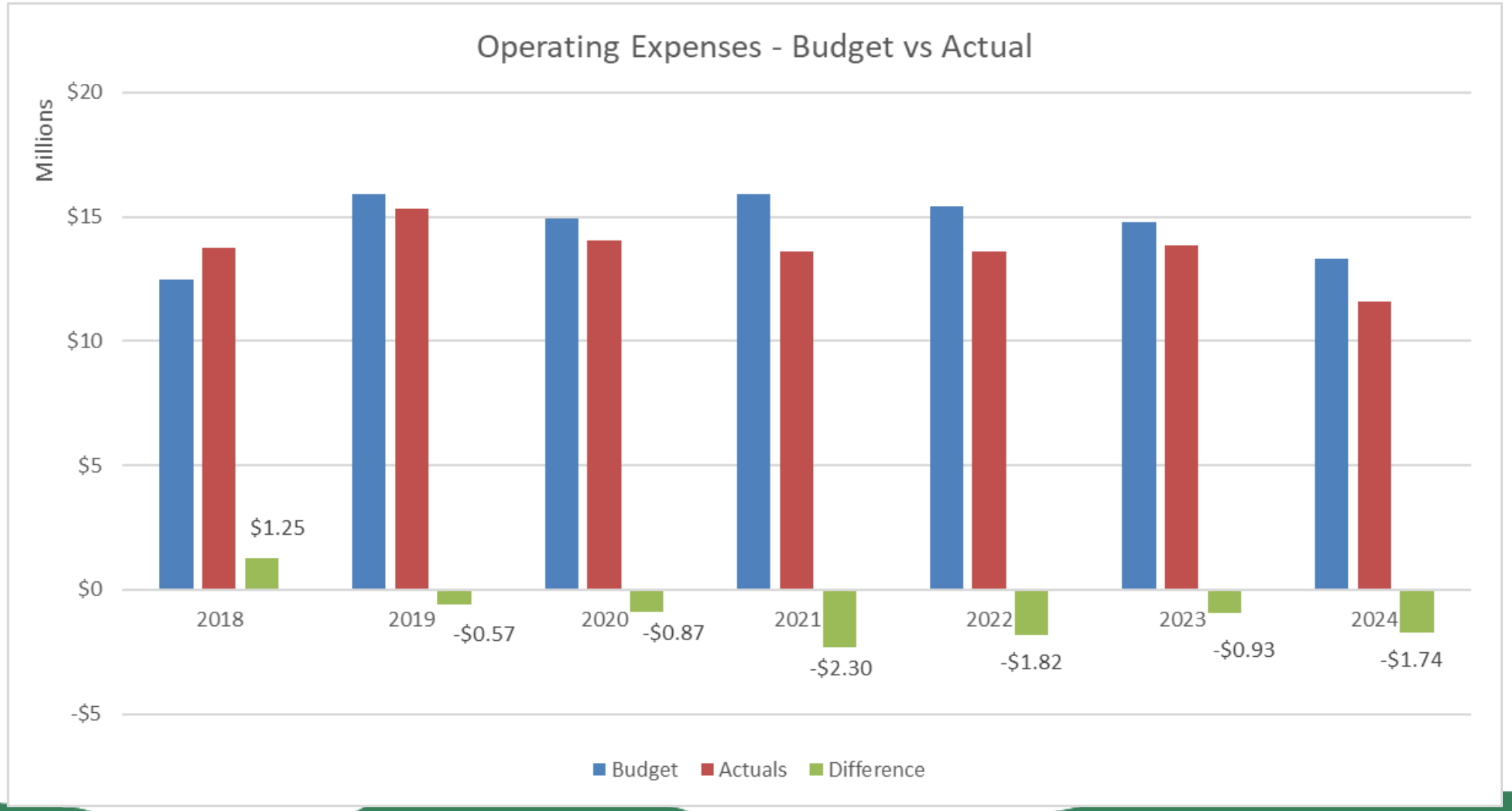

Staffing

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2024 Budget		2024 Projected			2025 Budget		
Expenses	FTEs	Expenses	FTEs	Median Salary	Expenses	FTEs	Median Salary
$7,178,179	43.5	$6,567,487	38.35	$122,459	$7,170,026	38.35	$127,194

- 9.2% increase in staffing expenses between 2024 projections and 2025 budgeted, major drivers being cost of fringe benefits, COLAs, and annualizations of mid-year 2024 hires.
- 3.87% increase in median salary, major drivers being cost of fringe benefits and COLAs.

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Population Health Review

PHM Program Overview

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Provider Types	2025 Payments	2025 Budgeted Totals
Primary Care (Hospital Owned, Independent, FQHC)	Base payment: $4 PMPM Bonus payment: $5.25 PMPM	Base: $7,237,152 Bonus: $4,761,194
Designated Agencies and Home Health	75% of budgeted funds paid as PMPM; 25% available as bonus payment. PLUS $500k from DVHA specifically for DAs based upon quality performance	DA: $1,138,168 Home Health: $803,420
Area Agencies on Aging	All funds paid out as PMPMs	AAA: $200,000

- Budgeted that 52% of the eligible providers will be successful in earning the bonus dollars for 2025.
- Final bonus payments paid mid 2026

PHM Program - 2025 Hospital-Owned Primary Care Funds Uses

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- General Primary Care Operations
- Primary Care Staffing
  - Nurses
  - Social Worker
  - Family wellness therapist
  - Pediatric respiratory therapist
- Community Health Teams
- Primary Care Initiatives
  - Efficiency
  - Care pathways
  - Panel Management
  - Transitions of Care
  - Team-Based Care
  - Medicare Annual Wellness Visits
- Home Medical Equipment

Longitudinal Care

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- Support in-home services provided to Vermonters with chronic disease, a recent hospitalization, and barriers to self-management, who do not otherwise qualify for home health services
- Piloted in Burlington HSA in 2019; initially showed a 26% reduction in inpatient utilization, 20% reduction in emergency department visits, and approximately $6,000 per beneficiary savings per year. Program fell off track until 2024, when OneCare reported efforts to get back on track and collect outcome data.
- FY25 Budget: $399k (same funding amount since 2022)

Regional Clinical Representatives

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- RCRs are primary care providers in the ACO network. RCRs review data and analytical reports specific to the primary care practices for which they are responsible for improving performance in PHM targets.
- 9 were hired in 2024; the goal is 12 in 2025
- “It is too early to accurately evaluate PHM measure outcome impact based on RCR support, and it is not feasible to separate out RCR impact from the impact of other efforts (such as those of the Blueprint) focused on the same clinical quality measures.”
- FY25 Budget: $300k (up $50k from FY24)

Comprehensive Payment Reform

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- Offers fixed PMPM and reconciled PMPM at 105% of FFS to independent PCPs
- Plethora of anecdotal evidence that CPR program has strengthened its participating practices
- According to OneCare, CPR practices have higher quality performance than network comparators
- OneCare's plans for the future: financial information related to the program has been shared with the State so efforts to explore opportunities to sustain the support of independent primary care can occur after 2025.
- FY25 Budget: $2,349,993 ($3k increase over FY24B, but $195k less than FY24 projected)

Population Health and Quality
Support for Primary Care

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	2023			2024			2025		
	Actuals			Projected			Budget		
	Hospital-Owned	Independent	FQHC	Hospital-Owned	Independent	FQHC	Hospital-Owned	Independent	FQHC
Total by Type	$5,939,820	$5,242,470	$4,677,004	$6,514,117	$5,572,539	$4,573,468	$5,786,317	$5,211,670	$3,618,352
TOTAL non FPP/FFS Primary Care	$15,859,294			$16,660,124			$14,616,339		
Average Attribution	185,827			175,523			168,787		
Amount Per Life	$85			$95			$87		

**Includes PHM Payments, Mental Health Initiative, CPR & RCR*

***In 2023 DVHA payments were split out seperately - for this exhibit- it has been added back in*

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Medicare ACO Performance Benchmarking Report

Medicare Benchmarking Report

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ED Utilization/1000

2019-2023 Trend		2022-2023 Change	
OCV	90th percentile	OCV	90th percentile
-0.80%	-1.70%	5.50%	2.90%

Percent of Members with an Annual Wellness Visit

2019-2023 Trend		2022-2023 Change	
OCV	90th percentile	OCV	90th percentile
0.58%	2.25%	5.50%	3.20%

Percent of Members with a Primary Care Visit

2019-2023 Trend		2022-2023 Change	
OCV	90th percentile	OCV	90th percentile
-0.45%	0.18%	1.80%	0%

OneCare is incentivizing their network to improve these metrics via the PHM measures which closely align:

- ED follow up for patients with multiple chronic conditions
- Medicare Annual Wellness Visits

Performance Incentive Pool also rewards HSAs with lower ED utilization

Medicare Benchmarking Report

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Total Cost of Care

2019-2023 Trend		2022-2023 Change	
OCV	90th percentile	OCV	90th percentile
3.50%	0.70%	3.40%	0.30%

Ambulatory Care Sensitive Admissions- Prevention Quality Overall Composite*

2019-2023 Trend		2022-2023 Change	
OCV	90th percentile	OCV	90th percentile
-6.8%	-9.7%	-4.1%	-6.7%

*Admissions that have been identified as being able to be avoided/reduced with the effective and timely use of outpatient care. This metric aggregates all specific ambulatory care sensitive admissions.

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Budget Modifications and Approval Options

Potential Conditions
Consistent with previous years

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- Notify GMCB of any material changes to their budget and explain variance.
- Notify GMCB of any use of reserves or line of credit or any adjustment to participation fees.
- Provide GMCB a reconciliation of all FY25 PHM payments following the end of the fiscal year.
- 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.

Potential Conditions
Consistent with previous years

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- Implement benchmark trend rates for payer contracts in alignment with the GMCB's decision on the Medicare ACO benchmark (Presentation 12/11, vote 12/18); the GMCB's Medicaid Advisory Rate Case; and, for commercial payer contracts, in alignment with ACO-attributed population and the GMCB approved rate filings.
- Engage in payer programs that qualify for APM Scale to the greatest extent possible and align payer programs in key areas to the extent reasonable; explain non-Scale qualifying programs and areas of misalignment. Require continued reporting on payer programs.

Potential Conditions
Consistent with previous years

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- Fund population health management and payment reform programs as detailed in the FY25 submission, as modified by this order, and to notify GMCB of any changes, including 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.
- Fund the Support and Services at Home (SASH) program and Blueprint for Health payments to primary care practices and community health teams consistent with the amount approved by the GMCB in the Medicare ACO Benchmark process (to be presented 12/11).

Potential Conditions
Removed from FY25

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- Benchmarking Report
- Revised Budget (as needed; to be determined by GMCB staff)
- Work with Medicare Advantage plans operating in Vermont to develop Scale-qualifying programs
- Report FPP data and progress toward previously set goals

Budget Modification and Approval Options

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1. Fund OneCare's Budget as submitted with any or all reporting conditions as outlined in previous slides; *OR*
2. Reduce OneCare's administrative budget by $500,338 (cost of benchmarking report, evaluation contract, lobbying services, and BoM recruitment)
3. Reduce OneCare's administrative budget by $284,130 and reallocate $300,000 of population health funding (cost and staffing expenses associated with RCR program)
4. Reduce OneCare's administrative budget by $957,375 (amount between FY24 projected and FY25 budgeted salaries and benefits, plus expense of CFO position)

Budget Modification and Approval Options

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5. Any ordered reductions to the administrative budget shall result in a reduction of hospital participation fees; *OR*
6. Any ordered reductions to the administrative budget shall result in a reallocation of funds to independent primary care practices.
7. Require that hospital participation fees be adjusted at least once during 2025 to minimize hospital credits that are accumulated should revenues be outpacing expenditures.

Budget Modification and Approval Options

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Combination	Option 1	Option 2	Option 3	Option 4	Total Reallocation/ Reduction in Participation Fees	Operational Budget
Option 1	$0				$0	$12,752,362
Option 2		$500,338			$500,338	$12,252,024
Option 3			$584,130		$584,130	$12,168,232
Option 4				$957,375	$957,375	$11,794,987
Option 2 & 3		$500,338	$584,130		$1,084,468	$11,667,894
Option 2 & 4		$500,338		$957,375	$1,457,713	$11,294,649
Option 3 & 4			$584,130	$957,375	$1,541,505	$11,210,857
Option 2 & 3 & 4		$500,338	$584,130	$957,375	$2,041,843	$10,710,519

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Board Discussion

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Public Comment