

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

**FY25 ACO RISK MITIGATION PLAN
DECISION AND ORDER**

In re: OneCare Vermont Accountable) Docket No. 24-001-A
Care Organization, LLC)
Fiscal Year 2025)
_____)

INTRODUCTION

The Green Mountain Care Board (GMCB or Board) is charged with reviewing, modifying, and approving the budgets of accountable care organizations (ACOs). 18 V.S.A. § 9382(b). Fiscal Year 2025 (FY25) is the eighth year that ACO budgets are subject to Board review, with ACO budget submissions due October 1, 2024. *See* FY25 OneCare Budget Guidance, 4.¹ This decision pertains to the risk mitigation plan of OneCare Vermont Accountable Care Organization, LLC (OneCare) for FY25, submitted to this Board for consideration prior to its complete budget submission and prior to consideration and issuance of OneCare’s FY25 Budget Order.

STANDARD OF REVIEW

If an ACO wishes to bear risk during the next fiscal year, the ACO must propose, and the Board must establish as part of the ACO’s budget, a risk cap that the ACO can cover. GMCB Rule 5.000, § 5.403(b). The ACO must support its proposed risk cap with a full risk mitigation plan describing how it would cover the losses it could incur.

While the ACO proposes and the Board establishes the risk cap as part of the ACO’s budget, an ACO may submit and seek Board approval of its risk mitigation plan prior to submission of its complete proposed budget. *See generally* GMCB Rule 5.000, § 5.403(b). This Board has discretion to either rule on an ACO’s risk mitigation plan prior to its complete budget submission or to defer its ruling until later in the budget process or upon issuance of the ACO’s final budget order.

When this Board reviews an ACO’s proposed budget, including operational or financial strategies presented in support of any element of the ACO’s proposed budget, such as its proposed risk cap or risk mitigation plan, this Board must consider factors set forth at 18 V.S.A. § 9832(b), including but not limited to:

- “[T]he character, competence, fiscal responsibility, and soundness of the ACO and its principals” (18 V.S.A. § 9382(b)(1)(D));
- “[T]he extent to which the ACO provides incentives for systemic health care investments to strengthen primary care” (18 V.S.A. § 9382(b)(1)(G)); and

¹ <https://gmcboard.vermont.gov/document/fy25-budget-guidance>

- “[P]ublic comment on all aspects of the ACO’s costs and use and on the ACO’s proposed budget” (18 V.S.A. § 9382(b)(1)(K)).

In addition to these statutory criteria, the Board will consider the requirements of the Vermont All-Payer Accountable Care Organization Model Agreement (APM Agreement) between the State of Vermont and the Centers for Medicare & Medicaid Services (CMS), as well as any benchmarks established under the GMCB’s FY25 reporting and budget review manual (budget guidance) and any other issues at the discretion of the Board. GMCB Rule 5.000, § 5.405.

The APM Agreement, taken as a whole, provides for Medicare’s participation in Vermont’s health care payment and delivery system statewide reform effort, referred to as the All-Payer ACO Model (the Model). The Model relies on private-sector health care providers voluntarily working together, as participants of an ACO, to reduce health care spending and improve care quality and outcomes for Vermonters. For ACOs participating in the Model, relevant to this Board’s consideration is whether certain elements of the proposed budget foster and sustain the voluntary participation of private-sector health care providers.

Relevant benchmarks were established as part of the GMCB’s FY25 budget guidance for OneCare, pursuant to GMCB Rule 5.000, § 5.401. One such benchmark proposes the maintenance of certain risk corridors and explicitly provides that “[d]ownside risk for shared losses may be held centrally at the ACO level or dispersed to the network,” at the discretion of OneCare. FY25 OneCare Budget Guidance, 8.

PROCEDURAL HISTORY

On June 10, 2024, OneCare submitted its FY25 risk mitigation plan and requested that the Board approve this plan in advance of the Board’s review of OneCare’s FY25 budget. *See* Memo from OneCare to GMCB;² *see also* OneCare 2025 Risk Mitigation Plan Proposal (OneCare Proposal).³

OneCare presented its proposed risk mitigation plan at a public GMCB meeting on June 12, 2024. The Board accepted written comments on OneCare’s risk mitigation plan through June 17, 2024, and provided opportunity for oral comment at its public meetings on June 12, 2024, and June 19, 2024. At its meeting on June 19, 2024, this Board voted to approve OneCare’s risk mitigation plan for the reasons set forth below. Recordings of GMCB meetings are available at Onion River Community Access (ORCA) Media⁴ and on the Board’s YouTube channel.⁵

FINDINGS

1. OneCare is a manager-managed limited liability company organized under Vermont law. 2023 Certification Attachment A, Eleventh Amended and Restated Operating Agreement of OneCare Vermont, 1 (eff. August 29, 2022).⁶

² <https://gmcboard.vermont.gov/document/onecare-vermont-memo-gmcb-fy25-risk-mitigation-plan>

³ <https://gmcboard.vermont.gov/document/onecare-vermont-fy25-risk-mitigation-plan-presentation>

⁴ <https://www.orcamedia.net/series/green-mountain-care-board>

⁵ <https://www.youtube.com/@GreenMountainCareBoard>

⁶ <https://gmcboard.vermont.gov/document/fy23-onecare-vermont-certification-attachment>

2. OneCare is governed by a Board of Managers comprised largely of representatives of participating health care providers. *Id.*, 8-10.
3. OneCare wishes to bear risk during FY25 and plans to enter into risk arrangements with its participating providers in FY25. OneCare Proposal, 2; *see also* Testimony of Tom Borys, Hearing Transcript (June 12, 2024), 6:19-6:21.
4. OneCare seeks a determination on its risk mitigation plan now, prior to submission of its complete FY25 budget proposal and issuance of its FY25 Budget Order. *See* Testimony of Tom Borys, Hearing Transcript (June 12, 2024), 5:25-6:7.
5. Such timing allows OneCare to provide better-informed risk estimates to providers during contract negotiations, which occur prior to this Board's issuance of the FY25 Budget Order. *Ibid.*
6. 2025 marks the final extension year of the APM Agreement and, as such, the final year of Vermont's All-Payer ACO Model in its current form.⁷ It is reasonable to conclude that the network participants of OneCare will experience changes to OneCare's operational model in 2026 and beyond.
7. OneCare was conceived and developed in coordination with the All-Payer ACO Model to connect desired health care outcomes with financial outcomes for provider organizations, to share infrastructure among participating providers, and to reduce the barrier of entry into value-based arrangements. *See* OneCare Proposal, 3; *see also* Testimony of Tom Borys, Hearing Transcript (June 12, 2024), 7:6-8:12. It was not developed to shield participating providers from accountability or to act as another layer within the health care system that holds significant cash reserves. *Ibid.*
8. OneCare's proposed continuation of its delegated risk model, in which the potential for shared liability and savings is primarily assigned to network participants, is consistent with the risk mitigation plan it has operated since 2020. In this model, OneCare accrues shared savings and losses through settlement with payers, resulting either in pooled shared savings or shared losses. *See* OneCare Proposal, 5; *see also* Testimony of Tom Borys, Hearing Transcript (June 12, 2024), 9:6-12:20.
9. In the event of shared savings, OneCare sets aside 10% of pooled shared savings as funding for its Performance Incentive Pool (PIP). It apportions the remaining 90% of pooled shared savings to its participating health service areas (HSAs) using a formula based on attribution by member month. Before these savings are released, PIP funds are then distributed across the HSAs based on HSA-level performance measures. OneCare distributes shared savings to the HSAs starting with primary care organizations, which are entitled to up to \$1.50 per member per month (PMPM). The remainder of pooled savings apportioned to the HSA are released to the risk-bearing hospital. *Ibid.*

⁷<https://gmcboard.vermont.gov/sites/gmcb/files/documents/VT%20State%20Agreement%202024%20Amendment%20No%201%20FINAL%20FOR%20SIGNATURE%204-5-24.pdf>

10. In the event of shared losses, financial liability is apportioned to participating HSAs using the same formula based on attribution by member month. Within each HSA, primary care organizations are liable for up to \$1.50 PMPM in shared losses. Any remaining liability is owed by the risk-bearing hospital within each HSA. *Ibid.*
11. OneCare's request for continued flexibility to offer exceptions to this model, in the interest of increasing or sustaining participation where its Board of Managers finds it equitable to do so, is consistent with its current practice. OneCare Proposal, 6; *see also* Testimony of Tom Borys, Hearing Transcript (June 12, 2024), 12:21-13:20. OneCare currently maintains one such provider exception arrangement to its delegated model. OneCare Proposal, 6.
12. OneCare's proposed risk reserve totaling 10% of total program risk estimate is consistent with its current reserve. This reserve enables OneCare to provide limited exceptions to its delegated model in the interest of provider participation and provides a source of funds should any network participant fail to meet its contractual obligation to pay its portion of shared losses. *See* OneCare Proposal, 8; *see also* Testimony of Tom Borys, Hearing Transcript (June 12, 2024), 13:21-14:18.
13. OneCare's request to maintain continued liquid reserve of forty-five days' operations cash is consistent with its current practice and liquid reserve. Testimony of Tom Borys, Hearing Transcript (June 12, 2024), 14:19-21.
14. OneCare's Medicare contract requires that it maintain a financial guarantee of 1% of total cost of care. OneCare's request to continue to fulfill this obligation through a line of credit, with the University of Vermont Health Network acting as guarantor, is consistent with its current practice of managing this obligation. *Id.*, 15:18-16:12.
15. The Office of the Health Care Advocate, a project of Vermont Legal Aid that represents the interests of health care consumers, expressed no concern with OneCare's proposal to continue this risk mitigation model for FY25. *See* Testimony of Sam Peisch, Hearing Transcript (June 12, 2024), 23:25-24:3.
16. No other public comment was received regarding OneCare's proposed risk mitigation plan.

CONCLUSIONS

While we have not before been asked to issue a determination on an ACO's risk mitigation plan in advance of its complete budget submission, we find it reasonable to do so here and within our discretion.

With the winding down of our current All-Payer ACO Model, and the uncertainty that this change inevitably brings, it is in the interest of Vermont hospitals and primary care providers to have informed risk estimates from OneCare as early as possible. Findings, ¶¶ 5-6. We believe this has a reasonable likelihood to foster sustained participation in OneCare's programs for FY25. While we must evaluate OneCare's proposed risk cap in the context of its budget submission and the budget hearing, we see no evidence that there is downside to providers, to patients, or to the scope

and goals of the APM Agreement and the All-Payer ACO Model if OneCare’s risk mitigation plan is approved now. *See generally* Findings, ¶¶15-16.

We next turn to the framework of the risk mitigation plan itself. OneCare has made no substantive changes to its core model of delegating risk to HSAs as compared to prior years. Findings, ¶¶ 8-10. Its proposed strategies for managing ACO-held risk and its funding for reserves are consistent with its current practices, which we have approved in prior budget orders. Findings, ¶¶ 12-14. In total, we conclude that OneCare’s strategy is to implement a “status quo” risk mitigation plan for its network participants in FY25.

At the highest level, we believe that this status quo proposal is competent and fiscally responsible. The close-out year of the APM Agreement and the All-Payer ACO Model is not the year to bring uncertainty into risk arrangements for Vermont providers. We believe that fostering consistency in advance of the Model’s final year nurtures stability, where possible, for primary care practices, increases the likelihood of provider participation, and aligns with the benchmarks we established in OneCare’s FY25 budget guidance.

ORDER

Based on our Findings and Conclusions above, and pursuant to 18 V.S.A. § 9382, we approve the risk mitigation plan proposed by OneCare and order that it implement this plan as presented and as described above for FY25. OneCare must request and receive approval from this Board prior to making any amendment to this plan and prior to implementing any risk strategy inconsistent with this plan as incorporated by this Order.

So ordered.

Dated: July 1, 2024 in Montpelier, Vermont.

<u>s/ Owen Foster, Chair</u>)	
)	GREEN MOUNTAIN
<u>s/ Jessica Holmes</u>)	CARE BOARD
)	OF VERMONT
<u>s/ Robin Lunge</u>)	
)	
<u>s/ David Murman</u>)	
)	
<u>s/ Thom Walsh</u>)	

Filed: July 1, 2024

Attest: s/ Jean Stetter
Green Mountain Care Board
Administrative Services Director

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