

Julie Wasserman, MPH

Health Policy Consultant

TO: Green Mountain Care Board

RE: Comments on OneCare Vermont's 2023 *Revised* ACO Budget

FROM: Julie Wasserman, MPH

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The following is a brief critique of OneCare's 2023 Revised ACO Budget, with accompanying recommendations. OneCare's Budget reflects its 7th year implementing Vermont's All Payer ACO Model.

**ACO Attributed Lives\***:

*Medicare*

OneCare will serve fewer Medicare lives this year, comprising a mere 29% of Vermont's Medicare beneficiaries.

[46,035 ACO lives ÷ 159,906 Vermont Medicare [beneficiaries](#) = 29%.]

*Commercial*

OneCare predicts it will serve a meager 6%-7% of Vermont's commercially insured.

[18,253 ACO lives ÷ ≈ 290,000 or 250,000 commercially insured Vermonters = 6%-7%.]  
(The total number of 2023 commercially insured Vermonters is unavailable.)

*Medicaid*

The number of Medicaid ACO lives to be served in OneCare's revised budget has *grown* by almost 18,000. The original 2023 budget was to serve 108,609 people but the revised budget predicts 126,354. This is counter-intuitive given the discontinuation of DVHA's Medicaid Continuous Coverage requirement on March 31, 2023. What is the explanation for this significant increase in the number of Medicaid ACO lives?

*Total*

OneCare predicts it will serve only 29% of all Vermonters, a diminishing percent.

[190,642 ACO lives ÷ [647,064](#) Vermonters = 29%.]

None of the numbers above account for attrition over the course of the year, which will render the final counts of people served by the ACO even lower.

\* See [here](#) for "Attribution" tab.

***Recommendation:*** Since OneCare is serving a minor and declining percent of Vermonters, the Green Mountain Care Board (GMCB) needs to consider alternative models of health care reform that address *a majority of* Vermonters.

## **OneCare's Operating Costs:**

Citing the “affordability crisis”, the GMCB reduced OneCare’s originally budgeted Operating Costs (\$15.2 Million) by 2%. However, OneCare has made no further adjustments to its Operating Costs even though the ACO recently lost a significant number of attributed lives due to BCBSVT’s withdrawal. The ACO is serving far fewer people, but this is not reflected in its revised Operating budget.

**Recommendation:** As OneCare’s Operating Costs *per-person-served* have increased, its cost-benefit ratio has declined. OneCare’s Operating Costs need to be reduced.

## **Fixed Prospective Payments:**

Roughly half of the ACO’s Medicaid payments to providers continue to be Fee-For-Service. OneCare’s Fixed Prospective Payments in its Medicare and Commercial programs are *non-existent* and show no sign of change after 6 years of effort and \$83 Million in cumulative Operating Costs. (See [here](#) for “FPP Targets Table 2 (rev)” tab.) Additionally, OneCare states in its FY23 Revised Budget Narrative that “the percentage of spend under the (Medicare) reconciled FPP is expected to drop”, providing further evidence of declining performance.

**Recommendation:** Let the State (instead of the ACO) assume this role since DVHA has a track record of implementing value-based prospective payment reforms for a wide variety of programs: [Adult](#) and [Children’s Mental Health Services](#), [Children’s Integrated Services](#), [Residential Substance Use Disorder Treatment](#), [Developmental Disabilities Services](#), [Brattleboro Retreat](#), and [FQHCs](#), among others.

## **Population Health Management Payments for Primary Care Physicians**

OneCare is responsible for distributing Population Health Management Payments to Primary Care Physicians to strengthen and fortify primary care. Investments to strengthen primary care include providing resources to expand capacity in existing practices and recruiting additional providers. Both are considerations for ACO budget review [18VSA 9382 (b)(1)(G)], yet neither have occurred.

**Recommendation:** OneCare needs to be held accountable for not expanding capacity in existing primary care practices nor recruiting additional primary care providers throughout the last 6 years. Vermont’s crisis in primary care was repeatedly underscored during the All Payer ACO Model’s inception in 2016. Expansion of primary care was to be a fundamental and pivotal component of OneCare’s efforts.

The GMCB needs to determine the percent of OneCare’s Population Health Management Payments paid to hospitals (who own the large majority of Vermont’s primary care practices) and the percent paid to Independent Primary Care Practices for whom these funds are most critical. Additionally, OneCare needs to clearly account for the funds paid to hospitals: Did the hospitals’ primary care physicians directly benefit from these funds, or did the funds go toward the hospitals’ bottom line?

DVHA, instead of the ACO, could disperse Population Health Management funds directly to the providers as it currently does through its “Value-Based Incentive Fund”.

## **Compensation of ACO Management Staff:**

OneCare's \$2.9 Million in Financial Compensation for its Management staff consists of a Base Payment complemented by a performance-based Variable Payment. OneCare's Variable Payments range from 0%-10% of Base Pay for most employees, 0%-20% for three top employees, and 0%-25% for the CEO. (See [here](#) "6.7 ACO Mgt Salaries (rev)")

For most of OneCare's Management staff, total compensation included almost the full 100% Variable Payment suggesting exceptional performance. Yet, OneCare has failed to reduce health care costs, slow the rate of growth, improve quality, address the shortage of primary care physicians and community mental health services, or increase the number of Vermonters served by the ACO.

***Recommendation:*** OneCare's 2023 revised budget should disregard Variable Payments for its Management staff.

## **Overall**

OneCare has not addressed the pressing needs of Vermonters. It has failed to improve affordability, shift to a better payment system, serve a majority of Vermonters, address the critical lack of access to care, tackle the shortage of primary care and community mental health services, or remain free from [conflicts of interest](#).

### ***Recommendation:***

The GMCB needs to address the most salient issues facing Vermonters such as affordability, access to care, unmet need for primary care and community mental health services, avoidable hospitalizations and unnecessary ER use, and unsustainable increases in the cost of hospital care and commercial insurance. The State can provide the leadership and infrastructure support (as it has effectively done in the past) to address Vermont's systemic health care challenges as we transition away from the ACO.