

MEMORANDUM

TO: Vicki Loner, CEO of OneCare Vermont

CC: Sara Barry, Tom Borys, Joan Zipko (OneCare); Office of the Health Care Advocate

FROM: Kevin Mullin, Chair of the Board, Green Mountain Care Board
Susan Barrett, Executive Director, Green Mountain Care Board

RE: Follow-up to December 9 GMCB staff presentation on the FY21 OneCare ACO budget

DATE: December 11, 2020

At the Board meeting on December 9th, despite ACO budget materials submitted to date, Board members indicated that they have insufficient information to approve the submitted FY21 OneCare ACO budget. The burden of proof is on the ACO to sufficiently explain budget assumptions and decisions. Below is a summary of information the Board requires to inform their decision on approval or conditional approval of the budget.

1. Administrative Expenses – Explain the rationale for increasing administrative expenses, particularly in light of the fact that the health care system is still operating within a pandemic and investments in population health and payment reform programs are not increasing over the prior year (which was adjusted in spring 2020 in response to the onset of the pandemic). In your response, be as specific as possible, for example, staff identified the following uncertainties:
 - How do investments in human capital align with ACO core programs and model of care (e.g. are there salaries included in admin that directly support particular population health programs, analytics, quality improvement etc.)?
 - Restoration of pre-COVID vacancies totaling \$496K: Explanation of prorated FTEs increasing by over 5 FTEs but total FTEs by position reduced by over 2 FTEs (source: Appendix 6.2 Income Statement). Please provide the number and nature of these vacancies being restored.
 - Unexplained salary variance of \$170K: Salaries & benefits moved as a delta of 1,470,000 over prior year. The explanation we received only covered \$1,300,000. (source: variance table and responses provided 12/4/20)
 - Reinstatement of pre-COVID leadership compensation amounting to \$595K: Does this include back pay, salary increases? Which positions are affected?
 - OneCare Vermont’s budgeted increase in the GMCB Billback from FY20 to FY21 is unexpected. GMCB is working on the FY21 billback amount, but we expect that the FY21 billback will be in the same ballpark as the FY20 billback of \$366,111.15 OCV paid in May 2020. While GMCB’s overall budget has been largely level funded, the billback did increase from FY19 \$208,145.39 to \$366,111.15 in FY20 due to the Administration and Legislature’s much debated decision to remove our Global



Commitment funds. Please explain why OCV's budgeted billback is increasing from FY20 to FY21.

- Please elaborate further on why supplies and occupancy costs are increasing in total about \$245,000. With staff working from home, why is OneCare's footprint increasing in terms of occupancy costs? Further, again with staff working from home, why would supplies also be increasing so significantly (about \$2,000 per FTE)?
2. Sources and Uses – The Appendix 6.4 *Sources and Uses* table is inadequately defined, including the November 25th resubmission of the table. It is unclear from your submission which funding sources are certain or under negotiation. Please define each of the sources in the column headers and explain assumptions around certainty of funding sources for FY21.
 3. Comprehensive Payment Reform Program—The Board collects reporting on the CPR Program twice yearly. This reporting will be incorporated into the proposed ACO Reporting Manual. To follow-up on the question from Member Holmes at the meeting, please explain why CPR funding is not increasing from 2019 (~\$1.3M) to 2021 (\$1.2M) if there is an addition of four new entrants into the program?
 4. Projected Surplus or Loss—Provide the GMCB with the projected 2020 surplus or loss figures and any plans to draw down reserves.
 5. Information on Contract Negotiations – [REDACTED]

Please note the deadline for receiving the requested information in written form is end of day **Tuesday, December 15th, 2020**. Should you prefer to answer this letter through a public Board meeting, please work with staff to come before the Board on **December 18th, 2020**. The purpose of these deadlines is to allow time for GMCB staff to review the additional information and if necessary, update staff recommendations and bring any insights to a public Board meeting prior to a **potential Board vote** on the submitted budget, currently scheduled for **Wednesday, December 23rd, 2020**.

