Policy Number & Title:	04-07 Program Settlement PY 2021
Responsible Department/s:	Finance
Author:	Tom Borys, Vice President of Finance
Original Implementation Date:	July 25, 2019
Revision Effective Date:	January 1, 2021

I. Purpose: To document the principles guiding the annual settlement of the OneCare Vermont (OneCare) Programs with network Participants.

II. Scope: Applicable to all contracted Participants and Preferred Providers.

III. Definitions: Capitalized terms have the same definition as defined in OneCare's *Policy and Procedure Glossary*.

IV. Policy

A. General

1. Savings/Losses amounts will be calculated separately for each Program and HSA.

2. The HSA calculations will be based on the lives attributed to that HSA as opposed to the entire ACO.

3. Maximum Losses (Risk) and Savings (Reward) Limits will be calculated separately for each Program and HSA.

4. Hospitals will serve as the Risk Bearing Entity (RBE) on behalf of their individual HSAs.

5. Each HSA will have a limit to the Maximum Losses and Savings they are eligible to receive or obligated to pay.

B. Financial Settlement of Program Performance

1. For Programs with Savings/Losses opportunity held centrally by OneCare as approved by the Board of Managers for the performance year, no Savings or Losses will be owed to or from Participants. The settlement process will still include Other Monies Owed as described in this policy.

2. For two sided risk Programs in which Participants have the potential for Savings or Losses as approved by the Board of Managers for the performance year:

   a. Each month all attributing Participants will contribute $1.50 PMPM, based on the alignment used to calculate their Population Health Management Payment, to its HSA's Accountability Pool.

      i. If an Eligible Participant wishes to defer the contribution to the Accountability Pool and instead receive a year-end invoice for any portion of the Accountability Pool that would have been obligated to fund shared losses, the Eligible Participant must submit a written request to OneCare prior to the start of the Performance Year, in a manner and time to be determined by management. If selected, the agreement to defer the Accountability Pool will be memorialized in a contract addendum with the Eligible Participant. Eligible Participants must submit payment to OneCare within

thirty (30) days from OneCare's date of invoice. Eligible Participants who do not remit payment in a timely manner will be in bad standing and may be subject to corrective actions.

b. If OneCare earns Savings in a Program:

   i. All contributions to the Accountability Pool will be returned to the attributing participants.

   ii. After subtracting any component of settlement obligated to cover expenses per the Board-approved OneCare budget, 90% of the remaining Savings will be allocated to the participating HSAs based on the attribution model used to calculate their Population Health Management Payment. The remaining 10% will be allocated to a Performance Incentive Pool that will be used to reward HSAs with exceptional outcomes within the performance year. The methodology for determining how the Performance Incentive Pool funds are awarded to HSAs will be decided upon by the Board of Managers and all Participants will be notified.

   iii. Of the savings allocated to an HSA, attributing Participants will receive up to $1.50 PMPM based on the attribution model used to calculate their Population Health Management Payment. Any remaining balance after this initial distribution bill be paid to the RBE.

c. If OneCare owes Losses in a Program:

   i. Losses will be allocated to the participating HSAs based on the proportion of lives attributed to that HSA throughout the Performance Year, as measured by member months.

   ii. Of the losses allocated to an HSA, contributions to the Accountability Pool (either collected throughout the year or invoiced at year-end) will not be returned and will be used fund the Losses due to the payer. Any remaining balance will be owed by the RBE.

3. For Programs in which Participants have the potential for Savings only:

   a. After subtracting any component of settlement obligated to cover expenses per the Board-approved OneCare budget, 90% of the remaining Savings will be allocated to the participating HSAs based on the proportion of lives attributed to that HSA throughout the Performance Year, as measured by member months. The remaining 10% will be allocated to a Performance Incentive Pool. The methodology for determining how the Performance Incentive Pool funds are awarded to HSAs will be decided upon by the Board of Managers and all RBEs will be notified.

   b. Of the savings allocated to an HSA, attributing Participants will receive up to $1.50 PMPM based on the attribution model used to calculate their Population Health Management Payment. Any remaining balance after this initial distribution will be paid to the RBE.

4. Final settlement calculations will be approved by the Finance Committee and Board of Managers

C. Other Monies Owed

1. For Programs with unreconciled fixed payments:

    a. Hospital Participants: Each hospital's fixed payment component for care provided to patients attributed to different HSAs will be globally reconciled to proportionately share the gain or loss resulting from care delivered by hospitals outside of an attributing HSA (referred to non-attributing-HSA care). For example if the ACO's total FFS equivalent value of care for non-attributing-HSA Care for the Performance Year is 2% less than the Fixed Payment allocation, the reconciliation will ensue that each hospital yields the same 2% benefit. This can result in an amount owed to the hospital or from the hospital to be accounted for in the PY settlement.

    b. Comprehensive Payment Reform (CPR) Practices: There will be no reconciliation of the fixed payments.

    c. If there is a fixed payment reconciliation between OneCare and a Payer, the reconciling amount will be applied to Participants & Preferred Providers in a manner that aligns as closely as possible with the nature of the ACO-level reconciliation.

2. For Programs with reconciled fixed payments:
    a. Hospitals: The fixed payment paid to the hospital will be reconciled in full to the FFS equivalent value. This can result in an amount owed to the hospital or from the hospital to be accounted for in the PY settlement.

    b. Comprehensive Payment Reform (CPR) Practices: There will be no reconciliation of the fixed payments. Any balance owed to or from the Payer will be allocated to hospitals accepting a fixed payment in the applicable Payer Program.

D. Cash Exchange

1. Once settlement calculations have been approved by the Board, all RBEs owing money to OneCare must submit payment to OneCare within thirty (30) days from OneCare's date of invoice. This payment can be either through check or deduction from ongoing payments being made to the RBE.

    a. OneCare reserves the right to deduct the amount owed from ongoing payments to ensure OneCare is able to meet its obligations to the Payer(s).

2. All RBEs, Participants and/or Preferred Providers owed money from OneCare will receive payments within thirty (30) days of final approval of settlement calculations, but payment will be contingent upon OneCare receiving payment from the Payer(s) and/or other network RBEs.

E. Ongoing Review

1. Some Program Agreements allow for review of the results well after the final settlement has concluded. In the event that a Payer initiates this subsequent review, it will be considered a material change in circumstances to OneCare and the results will be brought to the Finance Committee and Board of Managers for review and direction as to the most appropriate

resolution for all parties. The OneCare Board's action may supersede any/all methodologies outlined in this policy.

V. Review Process: This Policy shall be reviewed annually and in accordance with the terms of this Policy.

VI. References:

- OneCare's Policy and Procedure Glossary
- OneCare's Program Agreements with Payers

VII. Related Policies/Procedures:

- 04-15 Population Health Management Payments PY 2021 Policy

Location on Shared Drive: S:\Groups\Managed Care Ops\OneCare Vermont\Policy and Procedures

Management Approval:

	2/18/2021
Vice President of Finance	Date
Sara E Barry	02/23/2021
Chief Operating Officer	Date

Board of Manager Approval:

John Brumsted	2/25/2021
Chair, OneCare Board of Managers	Date