PROCEDURE

OneCare Vermont

Procedure Number & Title:	F04-22-PY21 Performance Incentive Pool PY 2021
Responsible Department(s):	Finance
Author:	Oleg Neaga
Original Implementation Date:	January 1, 2021
Revision Effective Date:	January 1, 2021

I. Purpose:

The purpose of this procedure is to ensure a uniform and systematic process for the calculation and distribution of the Performance Incentive Pool ("PIP") for the ACO Medicare, Medicaid, and MVP QHP Programs to eligible ACO Participants. The PIP builds upon Health Service Assessment ("HSA") and/or Participant-level accountability.

II. Scope:

This procedure is applicable to all contracted and eligible Participants and Preferred Providers eligible for Shared Savings and PIP under the Programs that OneCare Vermont ("OneCare") participates in.

III. Definitions:

- **Total Cost of Care ("TCOC"):** the sum of payments for services OneCare is at risk for as defined by the Program agreement with the Payer for attributed beneficiaries.
- **Performance Year ("PY")**: the time period where OneCare will be accountable for the Total Cost of Care for the prospectively attributed beneficiaries.
- **Expenditures:** the Total Cost of Care for a specific time period, group of beneficiaries and/or group of Participants.
- **PMPM:** Per Member Per Month.
- **Avoidable Emergency Department Visit ("AEDV"):** Definition to align with the John Hopkins ACG System Emergency Department visit classifications.
- **Membership Adjustments:** adjustments made to handle material shifts in the prospectively attributed population attrition patterns.

IV. Procedure:

The PIP makes for 10% of any Savings earned and it will be awarded to HSAs based on two performance measures related to their lives that attribute to each of the HSAs:

1. Year-over-year change in PMPM
2. Year-over year change in Avoidable Emergency Department Visits ("AEDV")

PIP Calculation:

1. All calculations will be done separately for each program (ex. Medicare, Medicaid, etc.).
2. The Finance/Payment Reform Team will run monthly reporting of total attribution and expenditures by Payer, HSA, Participant and Practice to calculate potential savings/(losses) on YTD basis as well as Total PY projections including trend rate and attribution adjustments with claims run-out as specified in the ACO Program Agreement.
3. In the event that OneCare earns savings in a participating Payer Program, 90% of the Savings will be allocated based on the Settlement Procedure to the participating HSAs. The remaining 10%

will be allocated to a Performance Incentive Pool ("PIP") that will be used to reward individual HSAs with exceptional outcomes within the performance year. If no savings are earned, no amount will be distributed for the PIP.

4. Credit for both the PMPM and the AEDV measures will be apportioned by calculating the prior year to current year percent change in the measure discretely for each HSA. The HSAs results will then be averaged to determine the size-neutralized ACO average. HSAs with results that are lower than the size-neutralized average for a measure will earn a share of the PIP for the measure. HSAs beating the size-neutralized ACO average in one measure will earn one (1) point. HSAs beating the size-neutralized ACO average in both measures will earn (2) points.
5. Total PIP is allocated to each HSA based on their proportion of the total PIP points pool. By way of example, if eight PIP points are earned in total, an HSA earning two PIP points would receive 25% (or 2/8ths) of the total PIP pool. If no points are earned by an HSA, the HSA will not be eligible for PIP allocation.
6. The share of the PIP earned by an HSA will be included in the settlement distribution methodology set forth in the Program Settlement Policy.
7. The calculation methodology and results will be shared with the Finance Committee and Board of Managers for approval.
8. The Finance/Payment Reform Team will incorporate any recommendations from Finance Committee and/or Board of Managers relating to finalized calculation(s).
9. After Program Settlement with the Payer, final distribution amounts, if any, will be presented to the Finance Committee for review and approval.
10. Once final distribution amounts are approved by the Finance Committee, the BOM votes to approve distribution for applicable PIP funds.

V. Review Process:

Review and update procedure annually, or as needed basis by the Finance/Payment Reform Team.

VI. References:

- OneCare's Policy and Procedures Glossary
- OneCare's Program Agreements with Payers
- OneCare's Agreements with Participants

VII. Related Policies/Procedures:

- 04-07 Program Settlement PY 2021 Policy
- F04-03 OneCare Vermont Shared Savings Calculation & Distribution Process
- F04-20 Program Settlement PY 2021 Procedure

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

Management Approval:

Rebecca L Colgan 03/29/2021

Supervisor, Financial Data Science Date