



# OneCare Vermont

## Fixed Prospective Payment Target and Strategy Report to Green Mountain Care Board July 2022

OneCare must submit a report to the GMCB in compliance with FY22 Budget Order Condition #3.a. The report must include the following:

1. Total Fixed Payment (FPP+CPR) as a percent of expected (or actual) Total Cost of Care, by payer program for 2018-2022. Break out Total Fixed Payments into both reconciled and unreconciled fixed payment arrangements. Include the numerator and the denominator.

**Table 1: 2018-2022 Reconciled and Unreconciled Fixed Payments (FPP+CPR) by Payer Program**

2018	Attribution	ETCOC	FPP Total \$	Total FPP %	Un-Recon FPP \$	Un-Recon FPP %
Medicare	33,174	\$331,346,071	\$147,760,199	44.6%	\$0	0%
Medicaid	39,546	\$117,137,233	\$67,254,681	57.4%	\$67,254,681	100%
BCBSVT	18,931	\$135,161,673	N/A	N/A	N/A	N/A
MVP QHP	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>91,652</b>	<b>\$583,644,977</b>	<b>\$215,014,880</b>	<b>37%</b>	<b>\$67,254,681</b>	<b>31%</b>
2019	Attribution	ETCOC	FPP Total \$	Total FPP %	Un-Recon FPP \$	Un-Recon FPP %
Medicare	48,303	\$481,955,464	\$213,767,033	44.4%	\$0	0.0%
Medicaid	69,194	\$202,816,673	\$114,262,565	56.3%	\$114,262,565	100.0%
BCBSVT	18,637	\$124,668,669	N/A	N/A	N/A	N/A
MVP QHP	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>136,134</b>	<b>\$809,440,806</b>	<b>\$328,029,598</b>	<b>40.5%</b>	<b>\$114,262,565</b>	<b>34.8%</b>
2020	Attribution	ETCOC	FPP Total \$	Total FPP %	Un-Recon FPP \$	Un-Recon FPP %
Medicare	44,507	\$399,435,119	\$172,369,029	43.2%	\$0	0.0%
Medicaid	99,931	\$321,267,893	\$175,241,887	54.5%	\$175,241,887	100.0%
BCBSVT	49,159	\$309,770,627	\$2,894,988	0.9%	\$0	0.0%
MVP QHP	9,366	\$47,242,459	N/A	N/A	N/A	N/A
<b>Total</b>	<b>202,963</b>	<b>\$1,077,716,098</b>	<b>\$350,505,904</b>	<b>32.5%</b>	<b>\$175,241,887</b>	<b>50.0%</b>
2021	Attribution	ETCOC	FPP Total \$	Total FPP %	Un-Recon FPP \$	Un-Recon FPP %
Medicare	47,605	\$497,535,683	\$224,113,719	45.0%	\$0	0.0%
Medicaid	101,557	\$272,297,282	\$150,002,920	55.1%	\$150,002,920	100.0%
BCBSVT	54,575	\$357,986,045	\$4,438,831	1.2%	\$0	0.0%
MVP QHP	9,510	\$46,285,745	N/A	N/A	N/A	N/A
<b>Total</b>	<b>213,248</b>	<b>\$1,174,104,754</b>	<b>\$378,555,470</b>	<b>32.2%</b>	<b>\$150,002,920</b>	<b>39.6%</b>
2022	Attribution	ETCOC	FPP Total \$	Total FPP %	Un-Recon FPP \$	Un-Recon FPP %
Medicare	46,795	\$487,280,112	\$231,266,470	47.5%	\$0	0.0%
Medicaid	107,064	\$292,803,682	\$167,583,445	57.2%	\$167,583,445	100.0%
BCBSVT	92,944	\$437,299,251	\$5,651,381	1.3%	\$0	0.0%
MVP QHP	9,901	\$66,924,423	N/A	N/A	N/A	N/A
<b>Total</b>	<b>256,704</b>	<b>\$1,284,307,468</b>	<b>\$404,501,296</b>	<b>31.5%</b>	<b>\$167,583,445</b>	<b>41.4%</b>

**Notes:** for Medicare, figures reflect settlement (Post-QEM Exclusions) and the ETCOC is Pre-Blueprint. For all payers, attribution figures reflect settlement attribution and unreconciled FPP % = % of FPP that is unreconciled to FFS (not % of ETCOC). 2021 and 2022 figures are projections only.

2. Provide a one-line description of the payment arrangements in each OneCare payer contract or program for FY22 (e.g., FPP reconciled or unreconciled to FFS; FFS with shared savings/loss; foundational PMPM payments to support infrastructure or care coordination; or any other).

**Medicare:** Fixed payment option for providers (reconciled to fee-for-service), FFS for all other providers, shared savings/loss potential, Blueprint funded as advanced shared savings.

**Medicaid:** Fixed payment option for providers (unreconciled), FFS for all other providers, shared savings/loss potential, and monthly PMPM payments to support provider healthcare reform efforts.

**BCBSVT:** Fixed payment option for providers (reconciled to fee-for-service), FFS for all other providers, shared savings/loss (currently held centrally by OneCare), and monthly PMPM payments to support provider healthcare reform efforts.

**MVP:** FFS for all providers, shared savings potential, and monthly PMPM payments to support provider healthcare reform efforts.

**3. Targets for contract revenue in FPP arrangements (Total Fixed Payment as % of Expected TCOC, by payer, as in #1 above) by year, 2023-2026. Indicate if targets are for reconciled or unreconciled fixed payments, or unreconciled fixed payments only.**

For OneCare, the term “unreconciled fixed payment” refers to a fixed payment that requires no reconciliation back to the FFS-equivalent between OneCare and the payer. Conversely, the term “reconciled fixed payment” refers to a fixed payment that requires reconciliation back to the FFS-equivalent between OneCare and the payer. In some cases, however, OneCare offers providers an unreconciled fixed payment, under a payer program that has a reconciled fixed payment. For example, the CPR program requires reconciliation with Medicare and Blue Cross upstream, but through OneCare policy, the hospital participants are responsible for making up any difference between the fixed payment and fee-for-service. For the purposes of Table 2, the use of the terms reconciled fixed payment and unreconciled fixed payment refers to the arrangement between OneCare and the payer.

Regarding the table below, OneCare currently lacks solid information to confidently predict when payers will offer, or convert to, unreconciled fixed payment arrangements. As a result, setting targets would reflect hope rather than a structured plan. Instead, a projection that reflects the current perception of Medicaid’s commitment to unreconciled fixed payments, and the current state of Medicare and commercial insurer models, is supplied below. The projection assumes no change to the Medicare model through the APM extension (and an unknowable outcome beyond), and no new commercial unreconciled fixed payment offerings. If information develops that changes this outlook a revised table can be supplied.

**Table 2: Targets and Milestones for Contract Revenue in Unreconciled FPPs**

Program	Baseline	PY22	PY23	PY24	PY25	PY26
Medicare	0.0%	0.0%	0.0%	0.0%	TBD	TBD
Medicaid	50.4%	50.7%	51.0%	51.3%	51.6%	51.9%
Commercial	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**4. OneCare’s strategy for achieving the targets, by payer, with timelines, clear goals, and milestones. Discuss barriers, limitations, or other factors by payer.**

**Medicare**

OneCare, despite multiple years of advocacy, has been informed that the current reconciled fixed payment model (AIPBP) will not convert to an unreconciled model through the duration of the APM extension. This outlook shifts focus to payment reform options in 2025 and beyond. To that end, OneCare and VAHHS gathered together the APM Task Force, made up of diverse provider representatives, to discuss future priorities including more effective payment reforms. Despite uncertainty beyond 2024, OneCare and its providers continue to champion payment reform as an opportunity to more closely align the way providers are paid with their mission and purpose.

**Medicaid (Traditional)**

Currently, Medicaid is the only OneCare program that offers an unreconciled FPP option. The program has been broadly adopted by participating OneCare hospitals and CPR practices, and covers hospital care for over 120,000 Vermont Medicaid members. OneCare is actively in discussions with DVHA regarding a hospital fixed payment expansion initiative that aims to increase the percentage of Medicaid reimbursement to hospitals under the fixed payment. We are optimistic the effort will be successful in expanding the FPP but it is too early to reflect potential expansion specifically as a percentage of the total cost of care. An upcoming challenge that will require strong coordination between OneCare and DVHA is managing the fixed payment arrangement when the Medicaid redetermination process resumes.

OneCare also engaged in further discussions with FQHCs to explore their willingness to participate in a Medicaid fixed payment initiative. Through these discussions, we were informed the FQHCs need to prioritize reimbursement rates with Medicaid before entering into a payment reform initiative.

**Commercial**

OneCare continues to negotiate with commercial insurers to implement unreconciled fixed payment models. Technical limitations, low marketable value, and low risk tolerance for variation from FFS are perceived as the most immediate barriers to advancing unreconciled commercial insurer fixed payment offerings. From the healthcare provider side, commitment to payment reform remains strong, but there are concerns related to the magnitude of hospital commercial rate change requests. Ensuring the approved hospital commercial rate changes are incorporated into the fixed payment amounts is essential for hospital sustainability. Additionally, concerns remain about the total cost of care (TCOC) targets, which represents an essential area of focus. Based on the current status of discussions, it is unlikely there will be any new unreconciled commercial fixed payment offerings for OneCare in 2023.

**5. The report from OneCare may also include discussion of OneCare’s work to reduce reliance on fee-for-service and achieve the goals of value-based care to reduce costs and improve quality of care via non-FPP payment models. Discussion may include:**

- a. **What types of payments work best for different provider types?**
- b. **What other provider types does it make sense to evolve the payment models to, e.g., FQHCs?**
- c. **What other payment types exist which could support Vermont providers in improving performance on cost and quality?**

To the extent they were relevant, OneCare considered these factors in preparing its responses to question 4, above.

While at present the potential for broader unreconciled fixed payment offerings in 2023 is low, OneCare continues to place emphasis on quality and outcomes. This, in contrast to volume-based incentives alone, is an important element of the transition to value-based healthcare principles. Our multi-year track record of achieving shared savings in the government payer programs, coupled with the wide reach of the unreconciled fixed payment program in Medicaid (which may expand), is additional strong evidence of our shift away from a total reliance upon fee-for-service reimbursement. Plus, the CPR program, which requires complex upstream reconciliations with both Medicare and Blue Cross (with the hospitals bearing the cost of any reconciliation back to the payer), is a fully unreconciled model for CPR participants. So OneCare offers unreconciled fixed payments to our independent primary care network and we are prepared to expand the program to additional provider types should the circumstances align appropriately.

Expanding fixed payment offerings to provider types beyond hospitals and primary care is dependent on payer willingness to offer unreconciled models. At this juncture, building out new initiatives on top of reconciled models only increases complexity for our providers, which is the opposite of the desired outcome. Therefore, OneCare's focus on payment reform is centered on expansion of the Medicaid fixed payment model, and further aligning provider incentive payments with population health management strategies.