



To: Owen Foster, Susan Barrett, Michael Barber, Russ McCracken, Sarah Kinsler, Michele Degree, Marisa Melamed, Jennifer DaPolito, and Health Care Advocate Policy Team
From: Tom Borys
CC: Vicki Loner, Sara Barry, Carrie Wulfman, Amy Bodette, Joan Zipko, Rachel Pilcher
Date: January 30, 2023
Subject: FY23 ACO Budget Resubmission Context

Dear Chair Foster and Green Mountain Care Board and Health Care Advocate Policy Teams:

The following submission is in response to the 2023 budget approval condition stating: *OneCare must submit an updated budget to the GMCB for review no later than January 30, 2023, reflecting the effects of BlueCross BlueShield of Vermont's decision not to participate with OneCare in FY23.*

It is important to note that this submission only shows the impact of BCBSVT's program withdrawal and does not include any impending OneCare programs or contracting adjustments that are still in negotiation.*

BCBSVT's withdrawal places primary care practices in a difficult financial position. Practices rely on the predictable payments made possible because of the contract between OneCare and payers. Access to primary care is essential to any high-quality, functioning health care system. The specific impacts of the BCBSVT's decision are:

- **Significantly reduced funding to primary care providers.** Estimates show that primary care providers will receive between [REDACTED] and [REDACTED] less funding in 2023.
- **Reduced shared savings.** There will be approximately \$471.3 million fewer healthcare dollars in an accountable care arrangement and participating providers will also have approximately [REDACTED] less in shared savings/loss (i.e. risk/reward) opportunity.
- **Increased volatility and unpredictability for primary care providers.** Reverting primary care providers back to a Fee for Service model for their BlueCross Blue Shield payments increases volatility, unpredictability and incentivizes volume over value.

To support primary care during this difficult and uncertain time, OneCare has been actively engaging with practices to determine, together, the best path forward to preserve important services absent a BCBSVT contract and funding. To reiterate, steps to date include:

- Convened independent primary care practices participating in the CPR program in the days after the notification and have met with practices individually to hear their concerns and get their input on how we can preserve the CPR program.
- Approved the inclusion of MVP attributed lives in the CPR program framework for 2023 to help close the funding gap for primary care (even absent a fixed payment offering from MVP). New contracts are in the process of being executed to reflect this commitment.
- Actively working on a direct contract for self-funded plans that would be retroactive to January 2023 to regain attribution and restore healthcare dollars in accountable care arrangements.

We anticipate that changes resulting from the work outlined above will be finalized through our governance and contracting process over the coming months and we look forward to sharing details in the next iteration of the OneCare budget.

Furthermore, we continue to communicate with BCBSVT about how we are addressing the concerns they have expressed: how we assure the security of their data under our new analytics vendor; and the progress we are making to improve Vermont's quality of care and ultimately, lower costs. This progress includes:

- **Lower Costs:** Vermont has been able to reduce high-cost services such as inpatient and emergency room visits as well as overall Medicaid cost growth. OneCare achieved Medicare gross spending reductions in all years it was evaluated by the federal government.
- **Savings:** According to rigorous federal evaluations, OneCare has realized significant health care savings, with over \$50 million in Medicare savings since 2018.
- **Quality:** OneCare's providers have consistently scored above average on quality of care. For example, in 2021 OneCare providers scored in the 90th percentile nationally for diabetes management.
- **Access to Quality Primary Care:** Access to primary care is critical to any good health care system and due to OneCare's predictable monthly payments, primary care practices across the state are more viable and sustainable.

Finally, we want to note that all of the *Adaptive sheets and Budget Guidance Workbook sheets* in the following submission have been updated according to the instructions communicated to OneCare on January 10th, 2023. In doing so, OneCare closely followed the directive to:

...resubmit it[s] FY23 budget by January 30, 2023, to reflect the budget assumptions at this time on the effects of the withdrawal of BCBSVT from OCV programs; the budget resubmission is not intended to be the final budget for FY23.

The submitted documents reflect changes to attribution, the total cost of care, risk/reward, payer support revenue, population health management expenses, and operating expenses that are linked to attribution. In total, and all else equal, these changes result in a net reduction to funds that would ordinarily be asked of the hospitals through participation fees. However, because the participation fee amount needs to be thoroughly and holistically evaluated by OneCare governance, no change has been incorporated at this time. This approach results in a bottom-line profit of roughly \$1.9M in the submitted materials. **For clarity, the fact that the submitted templates show a profit in no way reflects a plan to generate a profit, nor does it reflect a decision to reduce participation fees by the full amount. Any change to the participation fee amount, and the resulting bottom-line, or changes in CPR and/or additional contracts will be incorporated into the revised budget due later this spring when we also have final numbers for all other programs.*