



**FY23 Budget Resubmission
Variance Analysis/Narrative**

Discuss the impact and assumptions of withdrawal of BCBSVT participation on financial information submitted for FY23 budget, including:

- **Impact on the providers signed up to participate in the BCBS program**
- **Total Cost of Care (TCOC)**
- **Population health and payment reform programs**
- **Administrative/operational expenses**

The impact of BCBSVT’s decision is most profoundly felt by primary care providers. OneCare’s population health management program offers a base primary care per-member-per-month (PMPM) payment of \$4.75, plus the opportunity for an additional \$1.00 PMPM based on outcomes. Communications from BCBSVT to providers indicate that BCBSVT only has plans to make \$3.25 PMPM payments to primary care providers for the first two quarters of 2023. If this holds true, it will mean primary care providers will receive between [REDACTED] and [REDACTED] less funding in 2023.

	Est. Avg. Attribution	OneCare Commitment		BCBSVT Commitment	Primary Care Impact	
		Min PHM Payments (full year)	Max PHM Payments (full year)	Value-Based Payment (6 months)	Min Impact to Primary Care	Max Impact to Primary Care
BCBSVT Population						
QHP						
Primary - Risk						
Primary - Non-Risk *						
Total						

* For the Primary - Non-Risk cohort OneCare serves only as a pass-through of \$3.25 PMPM payments

With regard to the total cost of care, 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. These healthcare expenditures do not go away; rather, they are transitioned outside of an accountable, data-informed, collaborative framework upon which healthcare reform efforts can be built.

In addition to the financial impacts under the population health management program discussed above, BCBSVT’s withdrawal from OneCare had a significant impact on the Comprehensive Payment Reform (CPR) program. OneCare management took interim steps to address the independent primary care revenue reduction created by BCBSVT by modeling MVP attributed lives into the program (without a fixed payment arrangement). This strategy helped to smooth the financial transition from 2022 to 2023, but BCBSVT’s decision destabilized independent primary care practices participating in the program. OneCare is continuing to evaluate the longer-term solution and will incorporate its plan into the budget submitted this spring. Also, Southwestern Vermont Medical Center planned to continue its hospital fixed payment arrangement in 2023. While the lack of

appropriate notice is concerning, BCBSVT's requirement to reconcile the fixed payment to fee-for-service levels means there is no financial impact.

Lastly, there are minimal direct impacts to administrative/operational expenses. In a review of software contracts and other operational expenses linked to attribution, OneCare expects modest cost savings related to attribution mailings, a healthcare cost grouper, and a risk score calculation tool. Because the PMPM payments made by BCBSVT to OneCare always flowed through to providers under OneCare's population health initiatives, BCBSVT's decision has no impact to OneCare's administrative operations from a revenue standpoint.