



# OneCare Vermont

## Fixed Prospective Payment Target and Strategy Report to Green Mountain Care Board July 2023

OneCare must submit a report to the GMCB in compliance with the FY23 Accountable Care Organization Reporting Manual. 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 2021-2023. Break out Total Fixed Payments into both reconciled and unreconciled fixed payment arrangements. Include the numerator and the denominator.**

**Table 1: 2021-2023 Reconciled and Unreconciled Fixed Payments (FPP+CPR) by Payer Program**

2021	Attribution	ETCOC	FPP Total \$	Total FPP %	Un-Recon FPP \$	Un-Recon FPP %
Medicare	47,575	\$492,544,921	\$224,812,802	45.6%	\$0	0.0%
Medicaid	101,557	\$275,694,094	\$152,498,829	55.3%	\$152,498,829	100.0%
BCBSVT	54,545	\$358,408,591	\$4,474,749	1.2%	\$0	0.0%
MVP QHP	9,323	\$45,371,987	N/A	N/A	N/A	N/A
<b>Total</b>	<b>213,000</b>	<b>\$1,172,019,593</b>	<b>\$381,786,380</b>	<b>32.6%</b>	<b>\$152,498,829</b>	<b>39.9%</b>
2022	Attribution	ETCOC	FPP Total \$	Total FPP %	Un-Recon FPP \$	Un-Recon FPP %
Medicare	45,980	\$469,660,088	\$219,508,363	46.7%	\$0	0.0%
Medicaid	113,234	\$319,014,042	\$176,240,899	55.2%	\$176,240,899	100.0%
BCBSVT	57,545	\$399,355,143	\$5,373,655	1.3%	\$0	0.0%
MVP QHP	8,933	\$56,342,673	N/A	N/A	N/A	N/A
<b>Total</b>	<b>225,692</b>	<b>\$1,244,371,946</b>	<b>\$401,122,917</b>	<b>32.2%</b>	<b>\$176,240,899</b>	<b>43.9%</b>
2023	Attribution	ETCOC	FPP Total \$	Total FPP %	Un-Recon FPP \$	Un-Recon FPP %
Medicare	46,035	\$481,555,464	\$242,146,063	50.3%	\$0	0.0%
Medicaid	126,354	\$349,847,887	\$201,043,426	57.5%	\$201,043,426	100.0%
Self Funded	10,612	62,753,063	N/A	N/A	N/A	N/A
MVP QHP	7,641	\$55,946,415	N/A	N/A	N/A	N/A
<b>Total</b>	<b>190,642</b>	<b>\$950,102,829</b>	<b>\$443,189,489</b>	<b>46.6%</b>	<b>\$201,043,426</b>	<b>45.4%</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). 2022 and 2023 figures are projections only.

**2. Provide a one-line description of the payment arrangements in each OneCare payer contract or program for FY23 (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.

**UVMHN Self-Funded:** FFS for all providers, shared savings/loss potential, 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, 2022-2026. Indicate if targets are for reconciled or unreconciled fixed payments, or unreconciled fixed payments only.**

For the purposes of Table 2, below, the use of the terms “reconciled fixed payment” and “unreconciled fixed payment” refer to the arrangements between OneCare and the payers. Note that unreconciled fixed payments require no reconciliation back to the FFS-equivalent while conversely, reconciled fixed payments are reconciled to the FFS-equivalent. For OneCare, a reconciled fixed payment is not actually a true fixed payment as it fails to fully shift the incentive structure away from volume.

Further, OneCare lacks a basis to confidently predict when payers will offer unreconciled fixed payment arrangements. As a result, the targets below reflect OneCare’s hope and should not be considered predictive. The projections below reflect Medicaid’s unwavering commitment to unreconciled fixed payments and the current state of the Medicare and commercial insurer models available to OneCare. 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.

**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**

As previously reported, the current reconciled fixed payment model (AIPBP) will not convert to an unreconciled model through the duration of the APM extension despite OneCare’s extensive advocacy to the State. This outlook shifted OneCare’s focus to payment reform options for 2025 and beyond. 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 payer that offers an unreconciled FPP option. The program has been broadly adopted by participating OneCare hospitals, CPR practices, and an outpatient surgery center, and covers hospital care for over 130,000 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 members under a fixed payment. OneCare is optimistic the effort will be successful in expanding the FPP, however, the FPP expansion will likely fall outside OneCare’s total cost

of care settlement. Launch of this program is dependent on federal approval, which DVHA is actively seeking.

OneCare is also set to re-engage in discussions with FQHCs to explore a Medicaid fixed payment initiative. Previous discussions were delayed when the FQHCs needed to shift their focus to reimbursement rates with Medicaid before entering into a payment reform initiative.

Due to mounting financial pressure on hospitals in Vermont, some have indicated their belief that they would benefit financially by moving back to FFS. Whether accurate or not, the financial pressure on hospitals is beginning to impact willingness to voluntarily remain in fixed payment arrangements. This is a significant concern for payment reform efforts in the state.

### **Commercial**

OneCare continues to advocate for commercial insurers to implement unreconciled fixed payment models. However, there are no signals at present to suggest a major shift to fixed payments will occur in 2024. From the healthcare provider side, commitment to payment reform remains strong, but there are continued 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. Based on the current status of discussions, it is unlikely there will be any new unreconciled commercial fixed payment offerings for OneCare in 2024.

**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 the potential for broader unreconciled fixed payment offerings in 2024 is low, OneCare continues to emphasize quality and outcomes. The Population Health Model (PHM) is new in 2023, and it has successfully drawn the OneCare network’s attention to a handful of key PHM quality measures that are industry-accepted as being cost-reducing. The 2024 iteration of PHM features less guaranteed money and more outcome-driven payment opportunity to further incentivize quality improvement. Coupling programs like PHM and fixed payments, in contrast to volume-based incentives alone, is critical to advancing the transition to value-based healthcare principles.

OneCare’s 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 will likely expand), is strong evidence of the OneCare network’s departure from total reliance upon fee-for-service reimbursement. Plus, in spite of the upstream reconciliation with Medicare (hospitals bear the expense), the CPR program is a fully unreconciled model for the CPR participants. Today, CPR offers unreconciled fixed payments to our independent primary care network and soon, OneCare hopes to expand the program to additional provider types (hospital-owned primary care and FQHCs).

Unfortunately, the expansion of fixed payment offerings to provider types beyond hospitals and primary care is dependent on payer willingness to offer unreconciled payment models. Therefore, OneCare's focus on payment reform is centered on expansion of the Medicaid fixed payment model, and further aligning PHM with population health management strategies.