OneCare Vermont

2025 Risk Mitigation Plan Proposal

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Context

Per Rule 5.403

If an ACO wishes to bear risk during the next Budget Year, the ACO must propose and the Board must establish as part of the ACO's budget, a Risk Cap that the ACO can cover. The ACO must support its proposed Risk Cap with the following information as part of the ACO's budget proposal or during the next Budget Year or both, as required by the Board:

1. information specified by the Board regarding the ACO's maximum potential losses under the Risk Contracts it is a party to or seeks to become a party to and the threat that these losses may pose to the ACO's solvency, which information may include reports, certifications, and other representations prepared by an Actuary, a certified public accountant, an auditor, or other financial professional;
2. a full risk mitigation plan describing how the ACO would cover the losses it could incur under the Risk Cap (e.g., through reserves, collateral, or other liquid security; risk transfers to ACO Participants; or reinsurance, withholds, or other risk management mechanisms); and
3. any other information requested by the Board, which may include information on the ACO's plans to monitor the utilization of Contracted Services under its Risk Contracts.

The OneCare ACO wishes to bear risk in 2025, and proposes the following risk mitigation plan for the GMCB's consideration

(Note, the risk cap component will be considered as part of the ordinary budget process later this fall/winter)

Context

OneCare was conceived and developed by healthcare provider organizations to:

- Share infrastructure to reduce the cost of ACO administration
- Reduce the barrier to entry into value-based ACO arrangements
- Connect desired healthcare outcomes with financial outcomes for participating organizations

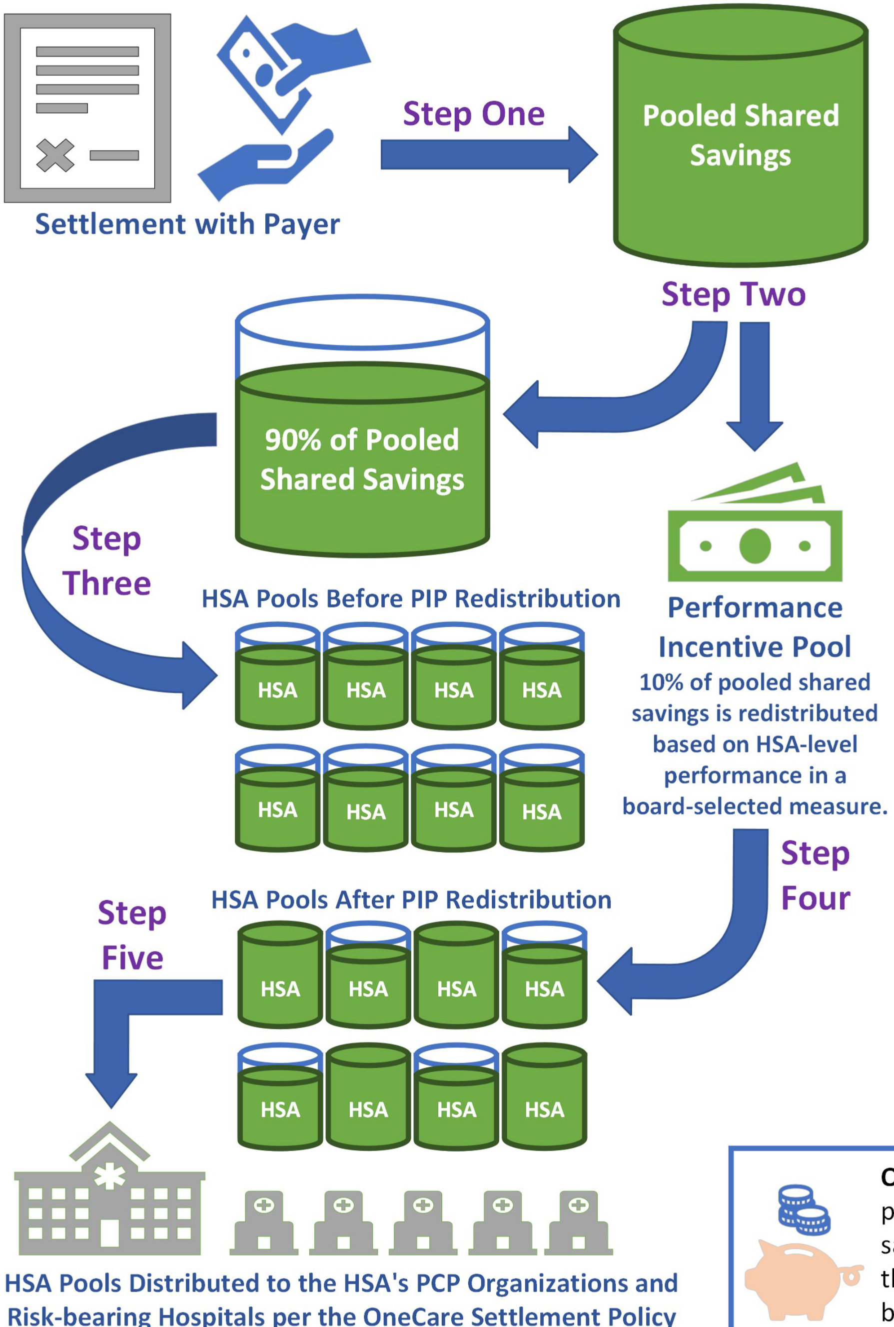
OneCare was not conceived and developed to:

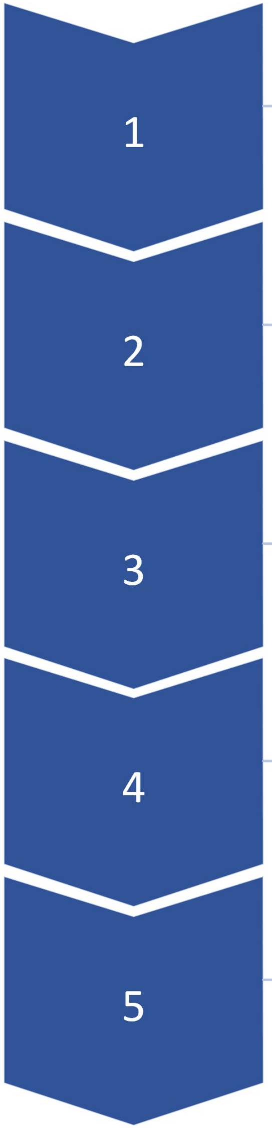
- Profit from public or commercial ACO arrangements
- Shield provider organizations from financial accountability for healthcare outcomes
- Create a new insurance layer in the healthcare industry requiring significant cash reserves

OneCare’s risk mitigation approach has evolved

- Started with a “mini ACO” model segmented by HSA
- Moved to a pooled approach because of the pandemic
- Maintained the pooled approach considering the changing reform landscape

Risk Mitigation Plan
Delegation Model





Step One: Settlement with the payer is reached, resulting in a pooled shared savings or loss to the ACO. Note, this process diagram illustrates the handling of shared savings.

Step Two: 10% of pooled shared savings is set aside as funding for the Performance Incentive Pool (PIP), leaving a remainder of 90% of pooled shared savings for distribution.

Step Three: the remainder (90%) of pooled shared savings is then apportioned to the participating HSAs by program attribution.

Step Four: PIP funding is redistributed to the HSAs that outperformed the network average in the PIP measure, resulting in HSA pools to be distributed to the network.

Step Five: Distribution of HSA pools to the OneCare provider network. PCP organizations are entitled to the first $1.50 PMPM with the remainder to the risk-bearing hospitals.

OneCare Settlement Policy: Attributing PCP organizations contribute $1.50 pmpm to the *accountability pool* for their HSA. In the case of shared savings, the funds are returned to the PCP organizations and matched. In the case of shared losses, *accountability pool* funds are exhausted and any balance of shared losses is owed by the risk-bearing hospital for each HSA.

OneCare Risk Mitigation Plan

OneCare requests continuing its "delegated risk model" whereby shared savings/losses are allocated to the provider network

- Installs financial accountability for healthcare cost and quality outcomes
- Creates an incentive for provider organizations to change care delivery approaches
- Avoids the need to collect and hold a new pool of cash reserves

OneCare also requests flexibility to offer exceptions to the delegated risk model *in spirit of sustaining provider participation*

- Known: Risk mitigation arrangement with NVRH in the Medicare program (limits to 1% up/down)
- Unknown: Any other circumstances that arise through the contracting process

Risk Mitigation Plan
Other Components

Other Risk Mitigation Plan Components

OneCare maintains reserves based on targets established in its reserve policy

- Risk Reserve: 10% of total program risk estimate
  - Enables exceptions to delegated risk model in spirit of sustaining provider participation
  - Provides a source of funds in the event a participant is unwilling or unable to make a shared loss payment to OneCare
- Liquidity Reserve: 45 days of operation cash
  - General operational liquidity

The reserve policy establishes targets that are reviewed with the Finance Committee quarterly

- The finance committee can recommend changes to the Board of Managers

The Medicare contract requires a financial guarantee of 1% of the total cost of care, which OneCare fulfills through a line of credit

- This isn't a reserve for OneCare, but a method for Medicare to collect funds if OneCare failed to make a shared losses payment
- UVMHN serves as the guarantor

Other Risk Mitigation Plan Components

OneCare provides prospective estimates of risk corridors and risk levels in April of the year preceding the performance year

- Helps hospitals understand the magnitude of risk/reward potential prior to contracting with OneCare

Maximum risk levels are subsequently established via contract addendum with each hospital (referred to as the Risk Bearing Entity)

- Finalized after initial attribution is known and total cost of care targets are set
- Establishes the maximum shared savings/losses a hospital will receive or owe

Current Risk Held at OneCare

OneCare is currently holding risk for 1% of the Medicare TCOC as well as a risk mitigation arrangement for NVRH

- Medicare Component: $7,070,631
- NVRH Component: $857,254

Whether or not a liability will be owed will not be known until the summer of 2025

- Taking on additional risk may result in a potential liability in excess of reserves

End