Green Mountain Care Board

Medicaid Advisory Rate Case of ACO Services

REVIEW OF ONECARE'S ALL-INCLUSIVE POPULATION BASED PAYMENT

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LEWIS & ELLIS, INC.

DECEMBER 30, 2020

EXECUTIVE SUMMARY

The Green Mountain Care Board (GMCB, Board) is required by law to review any all-inclusive population-based payment arrangement between the Department of Vermont Health Access (DVHA) and accountable care organizations (ACOs) effective for Calendar Year 2021. The Board's review shall include the number of attributed lives, eligibility groups, covered services, elements of the per-member, per-month (PMPM) payment, and any other non-claims payments.

GMCB engaged Lewis & Ellis, Inc. (L&E) to provide a review of the payment arrangement between DVHA and the ACO OneCare Vermont (OCVT). This report is the documentation of the review and recommendations to the Board that may be passed on to DVHA and its actuary, Wakely Consulting Group (Wakely), prior to the issuance of the final capitation rates and report.

Last year, an additional population was attributed to the ACO (Expanded population) and will continue to be covered in the 2021 coverage year alongside the Traditional population. The capitation rates were developed similarly in methodology for both populations, but the Expanded population had varying ACO efficiency factors and included an expansion claims factor to account for the newly attributed lives.

The following tables show the rate change between the 2020 rates and the proposed low and high range 2021 rates:

Rate Change – Traditional Population						
	2020 Capitation Rates	**2021 Low Capitation Rates**	**2021 High Capitation Rates**	**Projected 2021 Member Months**	**Low Rate Change**	**High Rate Change**
ABD (Adult & Child)	$651.52	$563.42	$601.37	58,505	-13.5%	-7.7%
New Adult	$384.08	$325.82	$339.11	353,822	-15.2%	-11.7%
Non-ABD Adult	$483.43	$430.82	$446.32	53,054	-10.9%	-7.7%
Non-ABD Child	$133.79	$115.64	$120.19	523,176	-13.6%	-10.2%
Total	**$275.98**	**$234.28**	**$244.53**	**988,557**	**-14.1%**	**-10.4%**

Rate Change – Expanded Population						
	2020 Capitation Rates	**2021 Low Capitation Rates**	**2021 High Capitation Rates**	**Projected 2021 Member Months**	**Low Rate Change**	**High Rate Change**
ABD (Adult & Child)	$476.41	$433.03	$480.02	17,831	-9.1%	0.8%
New Adult	$245.40	$214.89	$229.68	178,462	-12.4%	-6.4%
Non-ABD Adult	$319.64	$295.34	$314.55	39,696	-7.6%	-1.6%
Non-ABD Child	$97.20	$87.62	$94.51	92,596	-9.9%	-2.8%
Total	**$225.14**	**$200.58**	**$215.43**	**328,584**	**-10.9%**	**-4.3%**

REVIEW OF ONECARE'S ALL-INCLUSIVE POPULATION BASED PAYMENT

BACKGROUND

OneCare Vermont has been operating as an accountable care organization (ACO) for the past several years in Vermont. Since 2017, OneCare has participated in a population-based payment model with the Department of Vermont Health Access (DVHA) that is similar to the Centers for Medicare & Medicaid Services (CMS) Next Generation ACO Model. As part of this model, OneCare receives monthly capitation rates for all services covered under this program. As part of this endeavor, DVHA engaged Wakely Consulting Group (Wakely), an actuarial firm, to develop and certify to these capitation rates for OneCare. As part of this development, Wakely and DVHA have collaborated with OneCare and their actuaries, Milliman.

SCOPE OF WORK

The Green Mountain Care Board (GMCB) is required by law[1] to review any all-inclusive population-based payment arrangement between DVHA and accountable care organizations effective for calendar year 2017 and beyond. The Board's review shall include the number of attributed lives, eligibility groups, covered services, elements of the per-member, per-month payment, and any other non-claims payments.

GMCB engaged Lewis & Ellis, Inc. (L&E) to provide a review of the payment arrangement between DVHA and OneCare Vermont. This report is the documentation of the review and recommendations to the Board that may be passed on to DVHA and Wakely prior to the issuance of the final capitation rates and report. The recommendations presented to DVHA are intended to be advisory and non-binding.

METHODOLOGY

2021 FINAL RATES AND RATE CHANGES

The table below shows the historical rates for the Traditional Population. Note that the New Adult MEG was added in 2020, therefore, the rates in prior years are the same as the Non-ABD Adult MEG since they were combined into 1 rate.

Capitation Rates for Traditional Population				
	2017 Capitation Rates	**2018 Capitation Rates**	**2019 Capitation Rates**	**2020 Capitation Rates**
ABD (Adult & Child)	$616.07	$615.90	$547.46	$651.52
New Adult	$376.49	$360.43	$355.63	$384.08
Non-ABD Adult	$376.49	$360.43	$355.63	$483.43
Non-ABD Child	$120.97	$118.88	$121.30	$133.79

[1] 18 V.S.A. § 9573; 2017 Vt. Acts & Resolves, No. 3 (Budget Adjustment Act), § 80.

The following table outlines the historical rates for the Expanded population. This population was first added in the 2020 contract period.

2020 Capitation Rates for Expanded Population			
	Claims/No QEMs	**No Claims**	**Prior TPL & New Member**
ABD (Adult & Child)	$463.41	$283.43	$548.21
New Adult	$273.38	$168.01	$323.02
Non-ABD Adult	$343.41	$210.54	$406.01
Non-ABD Child	$95.22	$59.80	$111.91

The next table shows the proposed high and low range 2021 rate changes for the Traditional population.

Rate Change – Traditional Population						
	2020 Capitation Rates	**2021 Low Capitation Rates**	**2021 High Capitation Rates**	**Projected 2021 Member Months**	**Low Rate Change**	**High Rate Change**
ABD (Adult & Child)	$651.52	$563.42	$601.37	58,505	-13.5%	-7.7%
New Adult	$384.08	$325.82	$339.11	353,822	-15.2%	-11.7%
Non-ABD Adult	$483.43	$430.82	$446.32	53,054	-10.9%	-7.7%
Non-ABD Child	$133.79	$115.64	$120.19	523,176	-13.6%	-10.2%
Total	**$275.98**	**$234.28**	**$244.53**	**988,557**	**-14.1%**	**-10.4%**

The tables below show the proposed high and low range 2021 rates for the 12 new rate categories for the Expanded population, as well as the high and low range 2021 rate changes aggregated by the four major MEGs.

Capitation Rates for Expanded Population – Low Range			
	Claims/No QEMs	**No Claims**	**Prior TPL & New Member**
ABD (Adult & Child)	$397.50	$259.13	$503.93
New Adult	$230.49	$150.48	$292.04
Non-ABD Adult	$304.61	$198.70	$386.08
Non-ABD Child	$81.59	$53.61	$103.11

Capitation Rates for Expanded Population – High Range			
	Claims/No QEMs	**No Claims**	**Prior TPL & New Member**
ABD (Adult & Child)	$432.68	$282.10	$562.50
New Adult	$244.33	$159.69	$317.31
Non-ABD Adult	$321.14	$209.61	$417.31
Non-ABD Child	$86.69	$57.23	$112.10

Rate Change – Expanded Population						
	2020 Capitation Rates	**2021 Low Capitation Rates**	**2021 High Capitation Rates**	**Projected 2021 Member Months**	**Low Rate Change**	**High Rate Change**
ABD (Adult & Child)	$476.41	$433.03	$480.02	17,831	-9.1%	0.8%
New Adult	$245.40	$214.89	$229.68	178,462	-12.4%	-6.4%
Non-ABD Adult	$319.64	$295.34	$314.55	39,696	-7.6%	-1.6%
Non-ABD Child	$97.20	$87.62	$94.51	92,596	-9.9%	-2.8%
Total	**$225.14**	**$200.58**	**$215.43**	**328,584**	**-10.9%**	**-4.3%**

It is proposed that final rates will be negotiated based on the following rate ranges.

Capitation Rates – Low Range				
	Expansion - Claims/No QEMs	**Expansion - No Claims**	**Expansion - Prior TPL & New Member**	**Traditional Population**
ABD (Adult & Child)	$397.50	$259.13	$503.93	$563.42
New Adult	$230.49	$150.48	$292.04	$325.82
Non-ABD Adult	$304.61	$198.70	$386.08	$430.82
Non-ABD Child	$81.59	$53.61	$103.11	$115.64

Capitation Rates – High Range				
	Expansion - Claims/No QEMs	**Expansion - No Claims**	**Expansion - Prior TPL & New Member**	**Traditional Population**
ABD (Adult & Child)	$432.68	$282.10	$562.50	$601.37
New Adult	$244.33	$159.69	$317.31	$339.11
Non-ABD Adult	$321.14	$209.61	$417.31	$446.32
Non-ABD Child	$86.69	$57.23	$112.10	$120.19

2021 ASSUMPTIONS

For both populations, the 2021 capitation development begins with calendar year 2019 claims and are projected to 2021. The tables below show the change in base period experience from the 2020 rate development to the 2021 rate development.

Historical Experience				
	2020 Cap Dev Base Experience (CY2018)		**2021 Cap Dev Base Experience (CY2019)**	
MEG	**MMs**	**Paid PMPMs**	**MMs**	**Paid PMPMs**
ABD (Adult & Child)	65,065	$645.66	56,209	$551.81
New Adult	310,883	$370.14	288,585	$319.92
Consolidated Adult	70,215	$463.37	42,579	$416.46
Consolidated Child	461,822	$121.74	470,964	$111.03

	Change	
MEG	**MMs**	**Paid PMPMs**
ABD (Adult & Child)	-14%	-15%
New Adult	-7%	-14%
Consolidated Adult	-39%	-10%
Consolidated Child	+2%	-9%

In total the base period experience (paid PMPM) decreased -12.2% from the 2020 rate development to the 2020 rate development. It is noted that approximately half of this decrease is attributed to the removal of Brattleboro Retreat. OCVT and DHVA agreed that Brattleboro Retreat would be removed from the claim and risk liability of OCVT, and therefore, removed from the capitation rates and development.

PROJECTION

The base period data was projected to calculate 2021 capitation rates for both the Traditional and Expanded populations. The projection factors included:

- Completion of Claims
- Truncation Adjustment
- Trend
- ACO Efficiency
- Expansion Claims Adjustment
- Population Adjustment
- End of Life Adjustment
- Administrative Expenses
- Risk Charge

COMPLETION OF CLAIMS

This is an area that experienced a change in methodology. The reconciliation calculation only includes 4 months of runout without any completion applied. Therefore, the base claims were cut off after four months with no completion applied. For the shadow claims, these are cut off after 8 months and allow for completion. Typically, health claims can take up to 12 or 18 months to be fully reported and paid. Because of the 8-month runout on the Calendar Year (CY) 2019, an adjustment factor needed to be applied to the CY2019 experience to estimate completed claims for the base year. For 8 months of runout Wakely's assumption for the completion of claims ranges from 1.00 to 1.0001 and is 1.00 overall. L&E considers this change in methodology and the adjustment of 1.00 to be reasonable and based on general industry knowledge and professional experience.

TRUNCATION ADJUSTMENT

As suggested by OneCare, Wakely truncated member experience to smooth outliers. The truncation point was $200K for ABD and $100K for all other MEGs. To develop the adjustment factor, Wakely used the base period claim by member, truncated member claims if they were greater than the truncation point and compared the total truncated claims by MEG to the non-truncated claims. Wakely's truncation adjustment used in the capitation rate development ranges from -1.5% to -0.1% by MEG and is -1.1% overall. Wakely's methodology and adjustment appear to be reasonable and appropriate.

TREND

In order for the historical experience to be representative of costs in the projection year, the data needed to be trended forward to account for changes in utilization, unit cost due to provider contracting (or fee schedules), unit cost due to mix, and intensity of the services provided. Wakely's assumption for the total trend ranges from 0.5% to 2.6% by MEG, ranging from 0.8% to 2.0% overall. The breakdown of the trend assumption range across all MEGs is provided in the next table.

Wakely's Overall Trend Range		
	Low	**High**
Utilization	0.6%	1.9%
Unit Cost	0.2%	0.2%
Total	**0.8%**	**2.0%**

The range of utilization trend between 0.6% and 1.9% is consistent with the utilization trend assumed in the 2020 rate development and is based on based on VT FFS utilization trends as well as other programs' managed care utilization trends. Wakely was provided unit cost trends (repricing) by Burns & Associates (Burns). Burns used the claim level detail to re-adjudicate claims to 2019 and then supplied factors to project to 2021. The unit cost trend assumed is 0.2%.

L&E notes that the unit cost trend is low compared to the GMCB approved 2021 hospital budget rate increases. For the top 6 GMCB hospitals included in the repricing data and calculation, representing approximately 20% of the dollars in the repricing data, the average annual cost trend is 0.3%, while the average approved increase during the hospital budget process was 7.3%. While it is understood that the approved hospital budget increases are maximum allowable increases, it is likely that the significantly smaller increase negotiated for the Medicaid population will put undue cost shifting pressures onto the Commercial population. L&E recommends that the Board consider this when deciding on the budget submission and review process, as well as the final orders.

ACO EFFICIENCY

One of the responsibilities of the ACO is to achieve cost savings through high quality coordinated care. Another adjustment to the base period experience seeks to account for the anticipated cost savings for the ACO that is not accurately reflected in the base period experience. As with prior years, Wakely received information from Burns to help determine the anticipated savings for the ACO. Wakely's assumptions reflect that members see peak savings in year 2 of attribution and no longer see savings in year 4 and after. A significant portion of the population is in year 4. This assumption varies between the Traditional and Expanded populations.

For the Traditional population, Wakely's assumption for the ACO efficiency ranges from -1.4% to -0.3% by MEG, ranging from -1.2% to -0.4% overall. This range is consistent with the ACO efficiency assumed in the 2020 rate development.

For the Expanded population, Wakely's assumption for the ACO efficiency ranges from -1.4% to -0.1% by MEG, ranging from -1.2% to -0.4% overall.

It should be noted that as the program matures these efficiencies will be reflected in the base period data and eventually lead to lower trends. Wakely's assumptions appear to be reasonable and appropriate for the ACO Efficiency.

END OF LIFE ADJUSTMENT

This adjustment is to account for the differences in end-of-life member months and cost in the base period versus the projection period. To determine this adjustment historical end-of-life relativities between the base period and projection period.

Wakely's end-of-life adjustment ranges from -0.4% to 3.0% by MEG, ranging from 0.3% to 1.2% overall. L&E believes that Wakely applied a reasonable approach to estimate the anticipated end-of-life changes.

POPULATION ADJUSTMENT

It is a common practice to adjust historical experience for anticipated changes in population. The base claims experience needs to account for the changes in membership throughout the projection period. These changes in membership lead to changes in the paid claims PMPM. Wakely determined monthly attrition assumptions to trend the population to the midpoint of 2020. Members that died were excluded from the data used to develop the population adjustment so that there would be no double counting with the end-of-life adjustment.

Wakely's assumption for the population adjustment ranges from 0.0% to 0.3% by MEG, ranging from 0.20% to 0.22% overall. L&E believes that Wakely applied a reasonable approach to estimate the anticipated population changes.

COVID-19 ADJUSTMENT

No explicit adjustment for COVID-19 costs (testing, vaccine, treatment, etc.) were included in the rate development. L&E believes that is appropriate due to the high level of uncertainty still surrounding COVID-19.

ADMINISTRATIVE EXPENSES AND RISK RETENTION

For the Traditional population, the administrative expense ranges are $2.50 to $3.50 fixed PMPM and 1.2% to 1.7% variable percentage of premium cost. The administrative expenses are for general administrative operations, care coordination, provider contracting, call center, and the informatics platform. These ranges are consistent with the 2020 rate development. OneCare's administrative functions are currently being used by the company, and the administrative services are limited in nature.

For the Expanded population, the variable percentage of premium cost range is the same as the expansion population and the fixed PMPM ranges from $1.50 to 2.50. This is slightly lower than the Traditional population and is also consistent with the 2020 rate development.

The risk assumption ranges from 0.00% to 0.25% for the Traditional population and has been assumed to be 0.00% for the Expanded population at both the low and high range.

The assumed administrative expenses and risk retention appear to be reasonable and not excessive.

The following tables outline the capitation rate development for the low and high range Traditional population rates.

Capitation Rate Development – Traditional Population Low Range				
	ABD Adult & Child	**New Adult**	**Non-ABD Adult**	**Non-ABD Child**
2019 Base Claims Experience PMPM	$551.54	$319.81	$416.43	$111.02
Completion Adjustment (IBNP)	1.0005	1.0004	1.0001	1.0001
Truncation Adjustment	0.996	0.988	0.999	0.985
2-Year Utilization Trend	1.011	1.011	1.010	1.015
2-Year Unit Cost Trend	1.008	0.998	1.006	1.009
End of Life Adjustment	0.996	1.007	1.004	1.000
ACO Efficiency Adjustment	0.988	0.987	0.990	0.991
Population Adjustment	1.000	1.003	1.002	1.001
2021 Estimated Claims PMPM	$551.29	$317.76	$420.96	$111.16
Administrative Cost PMPM	$2.50	$2.50	$2.50	$2.50
Variable Admin	1.7%	1.7%	1.7%	1.7%
Risk Capital	0.00%	0.00%	0.00%	0.00%
2021 Capitation Rate – Traditional Population Only	$563.42	$325.82	$430.82	$115.64

Capitation Rate Development – Traditional Population High Range				
	ABD Adult & Child	**New Adult**	**Non-ABD Adult**	**Non-ABD Child**
2019 Base Claims Experience PMPM	$551.54	$319.81	$416.43	$111.02
Completion Adjustment (IBNP)	1.0005	1.0004	1.0001	1.0001
Truncation Adjustment	0.996	0.988	0.999	0.985
2-Year Utilization Trend	1.035	1.036	1.036	1.043
2-Year Unit Cost Trend	1.008	0.998	1.006	1.009
End of Life Adjustment	1.030	1.013	1.008	1.001
ACO Efficiency Adjustment	0.995	0.995	0.997	0.997
Population Adjustment	1.002	1.003	1.002	1.001
2021 Estimated Claims PMPM	$588.98	$330.60	$436.23	$114.92
Administrative Cost PMPM	$3.50	$3.50	$3.50	$3.50
Variable Admin	1.2%	1.2%	1.2%	1.2%
Risk Capital	0.25%	0.25%	0.25%	0.25%
2021 Capitation Rate – Traditional Population Only	$601.37	$339.11	$446.32	$120.19

EXPANSION CLAIM ADJUSTMENT

This adjustment is for the Expanded population only. To account for the costs of members with no experience period claims data and the other newly attributed lives, an expansion claim adjustment was applied to the existing Traditional population rate to estimate the cost and resulting rate for this Expanded population in 2021.

Wakely's assumption for the population adjustment ranges from -54.0% to -6.0% by MEG, ranging from -31.3% to -29.1% overall. Wakely developed this adjustment based on data provided by DHVA on the members in this population and DHVA's expected claims for this population in 2021. L&E believes that Wakely applied a reasonable approach to estimate the anticipated population changes.

The following tables outline the capitation rate development for the low and high range Expanded population rates, aggregated by the four major MEGs.

Capitation Rate Development – Expanded Population Low Range				
	ABD Adult & Child	**New Adult**	**Non-ABD Adult**	**Non-ABD Child**
2019 Base Claims Experience PMPM	$551.54	$319.81	$416.43	$111.02
Completion Adjustment (IBNP)	1.0005	1.0004	1.0001	1.0001
Truncation Adjustment	0.996	0.988	0.999	0.985
2-Year Utilization Trend	1.011	1.011	1.010	1.015
2-Year Unit Cost Trend	1.008	0.998	1.006	1.009
End of Life Adjustment	0.996	1.007	1.004	1.000
ACO Efficiency Adjustment	0.988	0.987	0.990	0.991
Population Adjustment	1.000	1.003	1.002	1.001
Expansion Claim Adjustment	0.771	0.659	0.686	0.761
2021 Estimated Claims PMPM	$423.98	$209.64	$288.68	$84.59
Administrative Cost PMPM	$1.50	$1.50	$1.50	$1.50
Variable Admin	1.7%	1.7%	1.7%	1.7%
Risk Capital	0.00%	0.00%	0.00%	0.00%
2021 Capitation Rate – Expanded Population Only	$433.03	$214.89	$295.34	$87.62

Capitation Rate Development – Expanded Population High Range				
	ABD Adult & Child	**New Adult**	**Non-ABD Adult**	**Non-ABD Child**
2019 Base Claims Experience PMPM	$551.54	$319.81	$416.43	$111.02
Completion Adjustment (IBNP)	1.0005	1.0004	1.0001	1.0001
Truncation Adjustment	0.996	0.988	0.999	0.985
2-Year Utilization Trend	1.035	1.036	1.036	1.043
2-Year Unit Cost Trend	1.008	0.998	1.006	1.009
End of Life Adjustment	1.030	1.013	1.008	1.001
ACO Efficiency Adjustment	0.995	0.995	0.997	0.997
Population Adjustment	1.002	1.003	1.002	1.001
Expansion Claim Adjustment	0.802	0.679	0.708	0.790
2021 Estimated Claims PMPM	$471.95	$224.52	$308.40	$90.92
Administrative Cost PMPM	$2.50	$2.50	$2.50	$2.50
Variable Admin	1.2%	1.2%	1.2%	1.2%
Risk Capital	0.00%	0.00%	0.00%	0.00%
2021 Capitation Rate – Expanded Population Only	$480.02	$229.68	$314.55	$94.51

RISK ARRANGEMENT

For the Traditional population, the risk arrangement holds OneCare responsible for any profits or losses within 2.0% of the target. This +/-2% range is narrower than in 2020, during which the range was +/-4%. For 2021, DVHA is responsible for any additional payments in the event of more than 2.0% of losses and requires OneCare to pay back a portion of the capitation rate in the event of profits in excess of 2.0%. This change was to be consistent with newer CMS guidance.

For the Expanded population, the risk arrangement holds OneCare responsible for profits up to 1.0% and losses up to 1.0%. This is similar to the arrangement in 2020, however, in 2020 OneCare was responsible for profits up to 2.0%. For 2021, DVHA is responsible for additional payments beyond the 1.0% losses, and OneCare is required to pay a portion of the capitation rate if profits exceed 1.0%.

Evaluation of the risk arrangement using specific data was outside the scope of this assignment. This risk corridor structure eliminates potentially great losses by having lower shares for OneCare. The most pertinent concern surrounding new capitated arrangements is whether the rate is sufficient to cover all required services. This risk corridor protects OneCare Vermont from large losses.

CONCLUSIONS AND RECOMMENDATIONS

L&E has not found any material errors in the rate case development performed by Wakely for DVHA.

DATA RELIANCE

Wakely provided all data and information utilized by L&E during this analysis.

L&E heavily relied on Wakely's assistance in order to understand the negotiation process. DVHA and Wakely have been working with OneCare Vermont and Milliman (OneCare's actuaries) for the past couple months, discussing most components of the rates in great detail, and these discussions did not include L&E. Therefore, L&E spent a significant amount of time reviewing overall methodologies with Wakely. Wakely provided prompt and thorough responses and was readily available via phone call on short notice to provide clarifications and explanations, as needed.

Milliman and Wakely were engaged in an extensive process to ensure that the base data was appropriate and based on the anticipated covered benefits, which L&E has relied upon.

For the general administrative expenses and risk corridor arrangement, L&E relied on Wakely's data analysis to provide insight into the figures and arrangements between OneCare and DVHA.

L&E did not audit or perform an independent scrubbing of the data. Instead, L&E discussed Wakely's methodology and process of setting the rate.

L&E was presented with several challenges during the review. In order to better understand the methodology of the review, it is important to outline the challenges first:

- OneCare Vermont and DVHA were in active negotiations during Wakely's analysis time and L&E's review of Wakely's methodology.
- L&E's review time was limited and constrained to the information that was provided.

LIMITATIONS

The contents of this report are intended for the Green Mountain Care Board to advise the Department of Vermont Health Access DVHA and its actuaries before finalizing the all-inclusive population-based payment arrangement effective in 2021. The Board may distribute this report to those parties stated above, in which case it will be provided in its entirety including all assumptions, caveats, and limitations. In addition, we request that the Board or any recipient notify Lewis & Ellis, Inc. to whom it was distributed.

Any distribution of this report should be made in its entirety. In addition, any third party with access to this report acknowledges, as a condition of receipt, that L&E does not make any representations or warranty as to the accuracy or completeness of the material. Any third party with access to these materials cannot bring suit, claim, or action against L&E, under any theory of law, related in any way to this material.

To the best of our knowledge, our determinations were made in accordance with generally accepted actuarial principles and practices. The American Academy of Actuaries (Academy) requires its members to perform professional services only when qualified to do so, and to meet certain qualification standards. The Academy prescribes qualification standards for individuals who issue prescribed statements of actuarial opinion. This report is not a prescribed statement of actuarial opinion. I certify that I am a member of the Academy, that I am qualified to review this work, but this report and any recommendations should not be considered an actuarial opinion.

The Board has agreed to pay Lewis & Ellis, Inc. a fee for preparing this report. Other than with regard to that contract, L&E is financially and organizationally independent from the Board and any entity or

individual related to the Board. There is nothing in our relationship with the Board that would impair or seem to impair the objectivity of our work.

EXHIBIT 1: ASOP 41 DISCLOSURES

The Actuarial Standards Board (ASB), vested by the U.S.-based actuarial organizations[2], promulgates actuarial standards of practice (ASOPs) for use by actuaries when providing professional services in the United States. Each of these organizations requires its members, through its Code of Professional Conduct[3], to observe the ASOPs of the ASB when practicing in the United States.

The ASOPs are not narrowly prescriptive and neither dictates a single approach nor mandates a particular outcome. ASOPs are intended to provide actuaries with a framework for performing professional assignments and to offer guidance on relevant issues, recommended practices, documentation, and disclosure. Each ASOP articulates a process of analysis, documentation, and disclosure that, in the ASB's judgment, constitutes appropriate practice within the scope and purpose of the ASOP.

ASOP 41 provides guidance to actuaries with respect to actuarial communications and requires certain disclosures which are contained in this Exhibit.

Identification of the Responsible Actuary

The responsible actuary is Jacqueline B. Lee, FSA, MAAA, Vice President and Principal of Lewis & Ellis, Inc. This actuary is available to provide supplementary information and explanation.

Identification of Actuarial Documents

The date of this document is December 30, 2020, its subject is the estimation and recommendation regarding the 2020 all-inclusive population-based payment arrangement (capitation rate) for OneCare Vermont, and the document version identification is Version #1 (12/30/2020 12:56 PM).

Disclosures in Actuarial Reports

- The contents of this report are intended for the Green Mountain Care Board.
- The purpose of this engagement is to provide the Green Mountain Care Board with an estimation, recommendation, and guidance on the 2021 all-inclusive population-based payment arrangement (capitation rate) for OneCare Vermont.
- The projections included in this report involve estimates of historical PMPMs, trends, truncation adjustments, ACO efficiency adjustments, population adjustments, end-of-life adjustments, expansion claims adjustment, administrative expense, and risk expense. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The results are not to be used for any purpose other than to provide the Board with guidance and recommendations to send to the Department of Vermont Health Access (DVHA) regarding the 2021 capitation rates for OneCare Vermont. These communications should not be relied upon for any other purpose.
- The responsible actuary identified above is qualified as specified in the *Qualification Standards* of the American Academy of Actuaries.
- The Green Mountain Care Board has agreed to pay Lewis & Ellis, Inc. a fee for preparing this report. Other than with regard to that contract, we are financially and organizationally independent from the Board. There is nothing in our relationship with the Board that would impair or seem to impair the objectivity of our work.
- The Green Mountain Care Board, Department of Vermont Health Access and Wakely Consulting provided the claims data, enrollment, and other information used to prepare our report. We have

[2] The American Academy of Actuaries (Academy), the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries.
[3] These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001

reviewed the data for reasonableness but have not audited it. To the extent that there are material inaccuracies in the data, our results may be accordingly affected.
- The date through which data or other information has been considered in developing the findings included in this report is December 30, 2020.
- We are not aware of any subsequent events that may have a material effect on the actuarial findings.
- The various documents comprising this actuarial report are contained within the document to which these disclosures are attached.

Actuarial Findings

The actuarial findings of the report can be found in the body of this report, as well as the attached exhibits.

Methods, Procedures, Assumptions, and Data

The methods, procedures, assumptions and data used by the actuary can be found in body of this report, as well as the attached exhibits.

Assumptions or Methods Prescribed by Law

This actuarial memorandum was prepared in accordance with generally accepted actuarial principles.

Responsibility for Assumptions and Methods

The actuary does not disclaim responsibility for material assumptions or methods.

Deviation from the Guidance of an ASOP

The actuary has not deviated materially from the guidance set forth in an applicable ASOP.