



OneCareVermont

Policy Title:	OneCare Program Settlement Policy
Policy Number:	04-03
Responsible Department/s:	Finance
Author:	Tom Borys
Date Implemented:	January 1, 2019
Date Reviewed/Revised:	July 16, 2018
Approved by:	Board of Managers
Next Review Date:	January 1, 2020

**Purpose:** This policy is to provide a model for program settlement for 2019 programs.

**Statement:** Participation in programs may result in a year-end settlement process where OneCare Vermont ("OneCare" or "ACO") can either owe money back to the payers or earn shared savings from the payers. This policy explains the way in which paybacks and shared savings will be implemented across the network.

**Scope:** This policy is applicable to all contracted network providers who have signed a Participant & Preferred Provider Agreement with OneCare.

**Procedure:**

1. ACO-Wide Settlement
  - a. ACO-wide total cost of care targets will be set by each payer, according to the terms of each agreement. OneCare will earn ACO-wide shared savings or losses based on whether the total cost of care is above or below these targets.
  - b. OneCare shall limit risk by setting risk corridors within a range between 3-6% of the total cost of care target. Payers shall cover 100% of risk and keep 100% of savings outside this corridor around the target. The ACO Programs will also guide the OneCare percentages of risk within the applicable corridor of risk.
2. OneCare Model of Health Service Area Level Settlement
  - a. The OneCare model will be based on each participant hospital bearing the risk of losses and receiving savings on the total cost spend for the lives attributed to the providers

(including themselves) in their Healthcare Service Area (HSA) up to a Maximum Risk Limit (MRL).

- b. The MRL will be calculated by applying the payer program risk corridors and sharing percentages to the Total Cost of Care target for the lives attributed to the HSA. The Total Cost of Care target for the lives attributed to the HSA will be derived from historical spending patterns and the overall ACO Total Cost of Care target.
  - c. Losses and savings within the MRL will be owed or paid according to program sharing percentages within each HSA, regardless of overall ACO performance. This means a hospital could owe an amount to the ACO even if the ACO earned shared savings.
  - d. If an HSA and its risk-bearing hospital exceed their MRL on losses, that excess liability shall be covered collectively by the other participating hospitals proportional to their own MRL, but never to exceed their own MRL.
  - e. If an HSA and its risk-bearing hospital exceed the MRL on savings, those excess savings shall be distributed to the other participating hospitals proportional to their own MRL, but never to exceed their own MRL.
  - f. All of the above will be based on the final attribution for the 2019 performance year and aligned with ACO-level program targets.
3. Participant hospitals accepting the Fixed Prospective Payment (FPP) model will have that model included in the savings/loss sharing calculations according to the settlement process and procedures applicable to each payer.
4. Effects of Risk Protection Coverage and Large Case Protection (when available):
  - a. Benefits from any large case protection which accrue ACO-wide to limit actual spending performance against target will be applied to the actual calculated performance for the HSA where the large case individual was attributed unless such information is not available from the payer nor discernable by OneCare.
  - b. Aggregate ACO Total Cost of Care Risk Protection Coverage (ex. reinsurance) will apply to losses owed at the ACO wide level:
    - 1) Risk protection coverage benefits received will be applied to reduce the risk liability for the HSAs which drove the excess spending, and accrue first to reduce those HSAs where the MRL has been exceeded in order to reduce or eliminate the other hospitals' cross-coverage of that excess risk.
5. Distribution of Savings
  - a. OneCare's general principle is that shared savings eligibility shall be symmetric to liability for losses, and this shall apply unless specified otherwise.
  - b. If ACO-level shared savings are earned, they will be distributed in the following manner:
    - 1) The home hospital(s) will earn savings up to their upside MRL based on their own HSA performance.
    - 2) If an HSA earned savings in excess of their upside MRL, the excess will be distributed across the network based on the net pre-funded contributions to primary care and community-based payment reform and programs from hospital resources until the net

contributions have been eclipsed network-wide.

- 3) Any amount remaining will be allocated into the Value Based Incentive Fund (VBIF) and distributed according to the VBIF policy.
6. All settlements with Participant hospitals will occur for each program within thirty days after the final settlement with payers has been completed.

**Location on Shared Drive:**

S:\Groups\Managed Care Ops\OneCare Vermont\Policy and Procedures\Policies

**Management Approval:**



Director, ACO Finance & Analysis

8/15/18

Date

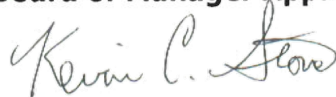


Vice President, Finance & Strategy

8/15/18

Date

**Board of Manager Approval:**



Chair, OneCare Board of Managers

08/16/18

Date