



Office of the Health Care Advocate
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May 23, 2023

Owen Foster
Chair, Green Mountain Care Board
144 State Street, Montpelier, VT 05602

RE: Office of the Health Care Advocate Comments on FY2023 OneCare Budget Resubmission

Dear Chair Foster and Members of the Green Mountain Care Board:

The Office of the Health Care Advocate (HCA) would like to thank the Green Mountain Care Board (Board) and its Accountable Care Organization (ACO) budget staff for their careful consideration of OneCare Vermont's (OCV) FY23 budget resubmission.

The HCA submits that OCV's executive compensation structure does not comply with the requirements of Rule 5.203(a), which states: "To comply with §5.203(a) of the Rule, an ACO must structure its executive compensation to achieve specific and measurable goals that support the ACO's efforts to reduce cost growth or improve the quality and overall care of Enrollees, or both."¹ The HCA agrees with a point raised by GMCB ACO staff in their certification memo, which states: "OneCare's FY 2022 and FY 2023 corporate goals are procedural in nature rather than tied to operational performance or outcomes for participating providers and/or attributed individuals. Similarly, the metrics that OneCare has attested to using to measure FY 2023 corporate goals remain tied to procedural outcomes. For example, thresholds and targets associated with OneCare's FY 2023 goals identify activities such as 'engaging network and stakeholders in planning processes, researching and presenting findings to OneCare's Board of Managers, completion of strategic planning, approval of plans by governance committees, and making key findings available publicly'.² It is not in the interest of Vermonters for a publicly funded entity to pay out substantial bonuses to its executives using vague process measures that function to ensure variable compensation payout rather than establish accountability for system improvements.

Except for the 2020 pandemic year, it is notable that the median total variable compensation awarded to OCV's Vice Presidents and Directors rose from 68.5% in 2018 to 100% in 2022.³ From 2018-2022, Vermonters have now paid OneCare executives over \$10 million dollars in base salary and over a million dollars in variable pay.⁴ These payments must be considered in

¹ GMCB Rule 5.000.

² See, FY23 Certification Follow-up: Executive Compensation Attachment A 2023 Corporate Goals (March 31, 2023); Attachment B - FY23 Corporate Goal Variable Compensation Scoring Methodology (March 31, 2023).

³ OCV Response to Request for Additional Documents. (May 19, 2023).

⁴ Id.

the context that there has been no causal evidence that the ACO has reduced cost growth or improved the quality and overall care of its enrollees, as required by Board rule.

Put simply, OCV's executive pay structure signals a disappointing lack of understanding of the lives of thousands of Vermonters who cannot afford the care that they need. We do not dispute that the University of Vermont Health Network (UVMHN) has the right to structure its corporate compensation as it sees fit in accordance with its local board and Board statutes. However, just because OneCare is a subsidiary of UVMHN, it remains an accountable care organization (ACO) subject to Board rules that regulate ACOs.

The HCA is also concerned about whether OCV allocated portions of approved population health funds as intended, specifically around primary care. As discussed during the May 5th Board hearing, OCV reported that it has not tracked its primary care investments to ensure allocated funds are spent as intended and approved by the Board. This raises questions as to whether OCV sufficiently tracks its other budget allocation flows. By Board rule, OCV "must completely, timely, and accurately report to the Board all data and analyses specified by the Board regarding the activities of the ACO" which includes "population health management and care coordination processes, capabilities, activities, and results...Provider payments and incentives, and financial performance. An ACO must, if necessary, require ACO Participants to cooperate in preparing and submitting any required reports to the Board."⁵

The Board has the authority to require that the ACO implement a corrective action plan if it determines that OCV has not met the requirements of Rule 5.000.⁶ The HCA recommends that the Board consider developing such a plan focused on restructuring executive compensation to align with Rule 5.000. Such a plan should consider eliminating variable pay entirely for OCV executives, as it is incompatible with the intent of Rule 5.000.

We also recommend that the Board exercise its enforcement authority under Rule 5.501 to both evaluate whether approved budget allocations have flowed to their intended sources in past years and put in place clear reporting mechanisms to ensure funds reach their intended location in future years. It is difficult to impossible to evaluate the effectiveness of investments in areas such as primary care if there is no way to conclusively track the flows of money from OneCare to its network and members. It is important to evaluate whether approved investments related to hospital-owned or affiliated primary care practices and physicians were allocated to primary care and not for other purposes.

⁵ GMCB Rule 5.501

⁶ 18 V.S.A. § 9382



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Implementing these recommendations is needed to improve accountability and transparency to Vermonters, who financially support the ACO through state taxes, hospital bills and claims. More fundamentally, it is important to enforce the law.

Thank you,

The HCA Policy Team

s\ Mike Fisher, Chief Health Care Advocate

s\ Sam Peisch, Health Policy Analyst

s\ Charles Becker, Staff Attorney

s\ Eric Schultheis, Staff Attorney