



December 15, 2020

Green Mountain Care Board
144 State Street
Montpelier, VT 05602
Attention: Kevin Mullin, Chair

Dear Chair Mullin and Members of the Green Mountain Care Board,

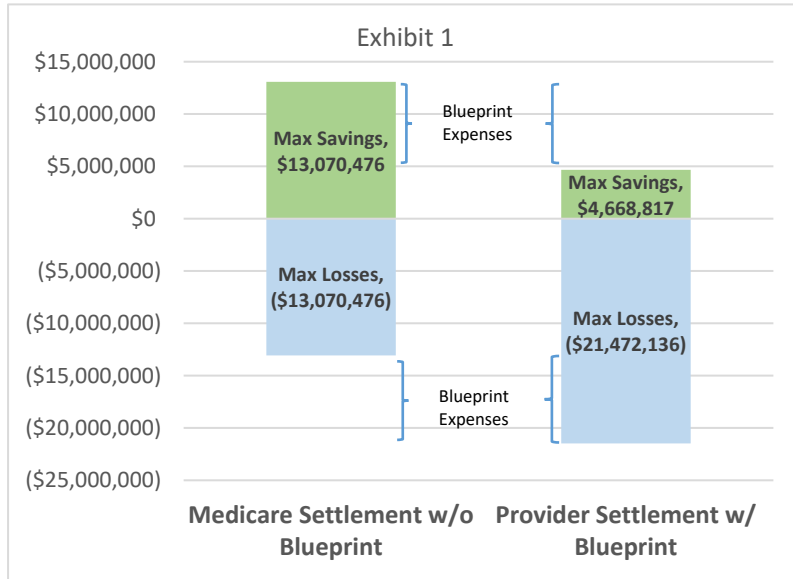
OneCare Vermont's (OneCare) Board, representing the provider community in the accountable care organization, led a thoughtful process to design a responsible budget for 2021 taking careful account of the resource-strained health care system at the current time. As such, this budget represents the minimum needed for OneCare to meet its obligations to our network providers.

Each year OneCare engages governance committees of the Board to consider the unique challenges and opportunities anticipated in the coming year, and determine OneCare's operating budget as well as its priorities, initiatives, and program investments. An example of this thoughtful review is the evolution of the 2021 financial risk sharing model where data and concepts were reviewed and discussed over multiple meetings with the Finance Committee, Executive Committee, and Board of Managers. The financial and executive leaders participating on these committees determined that a simplified system-wide risk/reward-sharing model would better encourage cross community collaboration, improve financial stability, and enhance focus on ACO-wide outcomes. In the GMCB's review of the OneCare budget, it is important that the provider voice, as captured through the robust governance process that takes place in advance of OneCare's budget submission, is appropriately valued.

We appreciate the opportunity to address several of the staff recommendations presented at the meeting on December 9, 2020, and to provide additional clarification around points of confusion or misunderstanding.

Blueprint Medicare Trend Application in 2021

Adding the Medicare trend on Blueprint program expenses in 2021 will have a direct impact on hospital financials during a time of economic instability. ACO-participating hospitals continue to make significant upfront investments in their communities in anticipation that some of this investment will be offset by shared savings under the programs. However, agreeing to fund the Blueprint programs with shared savings, regardless of whether or not shared savings are earned, consumes a significant portion of the savings opportunity and expands the potential loss exposure. Exhibit 1 shows the significant financial imbalance for these hospitals. The submitted budget with level funding for the Blueprint programs is an essential step towards correcting this inequitable circumstance. Requiring the trend on Blueprint expenses will expand this imbalance further and represent yet another financial burden for hospitals during an already precarious time.



It's important to underscore that the All Payer Implementation Improvement Plan recommends creating opportunities to incentivize participation in OneCare. The strategy OneCare included in our 2021 budget takes a very modest first step in creating such an incentive, while still supporting those communities that are not yet fully participating in all available value based contracts.

Reserves

OneCare requests continuation of the 2020 budget order language regarding reserves. These funds are generated by participating hospitals and OneCare governance needs to retain fiduciary responsibility to make decisions that support sustainability, and ensure providers are able to manage the funds they invested. OneCare's 2021 budget did not include a proposed increase to reserves, and believes maintaining the current level is appropriate at this time of financial uncertainty across the industry. It remains a concern that these reserves are so small relative to the cash flowing through the organization for fixed payments and other population health investments.

Operating Budget

OneCare's operations are primarily funded in two ways. First, OneCare negotiates with contracted payers to generate income that can be used to support network initiatives or fund the operations that the payer may designate to OneCare and its providers. These funds are finite and the amounts are determined by the outcome of the negotiations. To date, the funds generated through payer contracts have not been sufficient to support the infrastructure and resources needed for a statewide organization. Next, OneCare's provider-led governance committees discuss and determine the magnitude of provider investments needed to supply OneCare with adequate financial resources to support its network. The Board of Manager's approval of the OneCare budget each year signifies their willingness to invest accordingly.

The staff recommendations to the GMCB to make administrative cuts does not recognize providers' vision and insight into the OneCare supports and resources needed to evolve reform efforts. We have provided additional detail and clarification in response to questions posed by staff so that they can understand some of the changes being made in 2021. With this additional detail we request that the GMCB approve the budget as submitted; thereby allowing participating providers to elect their investments in OneCare. Further cuts will hamper our ability to meet the basic needs of providers and help them be successful in this model. Our participants have agreed that the shared services model is the right approach to support change and when cuts are made at OneCare there are statewide impacts.

ACO Reporting Manual

OneCare supports the GMCB staff's work to develop an ACO reporting manual with targeted and standardized reporting templates that can be used year over year. The development of this manual will allow us to understand the requests from the Board early in the year so that we can reduce the administrative burden of the current processes for both OneCare and GMCB, and allow OneCare to focus its energies on serving our participating providers, as was encouraged in the AHS All Payer Model Implementation Improvement Plan. We look forward to the opportunity to work with you and the Agency of Human Services to focus on our unique and important roles in health care payment and delivery reform.

Responses to additional questions from the Board are attached to this letter.

Respectfully,

A handwritten signature in black ink that reads "Vicki Loner". The signature is written in a cursive, flowing style. The name "Vicki" is written in a larger, more prominent script than "Loner".

Vicki Loner, RN.C, MCHDS
Chief Executive Officer

cc: Susan Barrett, Alena Berube, Marisa Melamed, Michael Barber, and HCA Policy Staff