

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

**AMENDMENT #1 TO FY20 ACCOUNTABLE CARE ORGANIZATION
BUDGET ORDER**

In re: OneCare Vermont Accountable)
Care Organization, LLC)
Fiscal Year 2020)
_____)

Docket No. 19-001-A

INTRODUCTION

The Green Mountain Care Board voted to establish a fiscal year 2020 (FY20) budget for OneCare Vermont Accountable Care Organization, LLC (OneCare) on December 18, 2019. On March 26, 2020, OneCare asked the Board to make several modifications to the budget order in response to the COVID-19 public health emergency. The Board considered OneCare's requests at a public meeting on April 1, 2020. For the reasons set forth below, the Board voted at this meeting to amend OneCare's FY20 budget order to allow much-needed funds to be returned to hospitals and to change the due dates for certain deliverables to give OneCare time to evaluate potential revisions to its budget.

FINDINGS

1. COVID-19 is a potentially life-threatening respiratory illness that is caused by a novel coronavirus. On March 7, 2020 and March 11, 2020, the first two cases of COVID-19 were detected in Vermont. On March 11, 2020, the World Health Organization made the assessment that COVID-19 can be characterized as a pandemic. On March 13, 2020, Governor Phil Scott declared a state of emergency to help ensure Vermont has the necessary resources to respond to this evolving threat. Executive Order 01-20, <https://governor.vermont.gov/content/declaration-state-emergency-response-covid-19-and-national-guard-call-out-eo-01-20>.

2. Since the disease was first detected in early March, the number of confirmed cases of COVID-19 in Vermont has continued to rise. As of April 6, 2020, 543 cases had been identified in the state and there were 28 hospitalized patients with COVID-19 and 63 hospitalized patients under investigation for COVID-19. Vermont Department of Health, Novel Coronavirus (COVID-19), <https://www.healthvermont.gov/response/infectious-disease/2019-novel-coronavirus>. The number of cases will likely continue to increase in the coming weeks.

3. On March 20, 2020, Governor Scott ordered clinicians in Vermont to expedite the postponement of all non-essential adult elective surgery and medical and surgical procedures in order to conserve critical resources such as ventilators and Personal Protective Equipment and to limit exposure of patients and staff to COVID-19. Addendum 3 to Executive Order 01-20, <https://governor.vermont.gov/sites/scott/files/documents/ADDENDUM%203%20TO%20EXECUTIVE%20ORDER%2001-20.pdf>.

4. While Vermont hospitals are preparing to care for a surge of critically ill COVID-19 patients, their revenues are being significantly compromised by the cancelling of elective and non-urgent procedures. The result is rapidly declining days cash on hand and negative operating margins. GMCB Staff Presentation (April 1, 2020), 2.

5. Hospitals are not the only health care facilities facing financial pressures. For example, Vermont's independent primary care and specialist practices are also experiencing revenue losses as a result of the pandemic. Memo from Sharon Ridzon, Executive Director, HealthFirst, to Members of the Green Mountain Care Board re COVID-19 (March 31, 2020).

6. OneCare expected to receive just under \$24.5 million in hospital dues in FY20, which is approximately 46% of its budgeted operational expenses and reform payments. FY20 Budget Submission of OneCare Vermont (Budget Submission), Appendix 4.2; GMCB Staff Presentation (April 1, 2020), 2. For some programs, dues are facilitated through a deduction from hospitals' fixed payments. Budget Submission, 30-31.

7. One of the programs that hospital dues support is a value-based incentive fund (VBIF). OneCare's FY20 budget includes a VBIF of \$8,387,232. FY20 ACO Budget Order for OneCare Vermont (Budget Order), Findings, ¶ 33 (Jan. 31, 2020). Of this, OneCare anticipated collecting \$1,351,984 from hospitals in connection with the Vermont Medicare ACO Initiative. GMCB Staff Presentation (April 1, 2020), 3.

8. While OneCare is financially responsible under the Vermont Medicare ACO Initiative for its performance on certain quality measures, the agreement between OneCare and the Centers for Medicare & Medicaid Services (CMS) does not require OneCare to withhold funds for a VBIF. *See* GMCB Staff Presentation (April 1, 2020), 3.

9. On March 26, 2020, OneCare asked the Board to make several amendments to the FY20 budget order. OneCare first requested that the Board provide immediate financial relief to those hospitals contributing to the VBIF in connection with the Vermont Medicare ACO Initiative by waiving this budget requirement. OneCare stated that it would be able to return funds that have already been collected from these hospitals through dues adjustments, retroactive to January 1, 2020, and would reduce hospital dues through the remainder of the calendar year. OneCare anticipates that it can return funds within 21 days of Board approval. Budget Amendment Request (March 26, 2020), 1.

10. OneCare's second request¹ is that the Board extend the due dates found in Conditions 8, 9, and 13 of the FY20 Budget Order to May 30, 2020. Budget Amendment Request (March 26, 2020), 2.

11. Condition 8 of the FY20 Budget Order requires OneCare to present to the Board no later than April 15, 2020 on a) 2020 attribution and payer contracts; b) revised budget, based on final attribution; c) final description of population health initiatives; d) expected hospital dues for

¹ OneCare made one request that was not related to the FY20 budget order and which therefore is not addressed in this decision.

2020, by hospital; e) expected hospital risk for 2020 by hospital and payer; f) any changes to the overall risk model for 2020; and g) source(s) of funds for OneCare's 2020 population health management programs. FY20 Budget Order.

12. Condition 9 of the FY20 Budget Order requires OneCare to provide Board staff with supporting documentation relevant to the topics identified in Condition 8 approximately two weeks prior to the April 15, 2020 presentation. FY20 Budget Order.

13. If OneCare's population health management programs are not fully funded as detailed in OneCare's 2020 budget submission, Condition 13 of the Budget Order requires that OneCare provide the Board with a revised proposal for its population health management programs approximately two weeks prior to the April 15, 2020 presentation. FY20 Budget Order.

14. Many of the topics covered by Conditions 8, 9, and 13 are still in flux. For example, OneCare does not have final attribution data or benchmarks for several programs, which means it cannot finalize the hospitals' risk. Furthermore, OneCare's population health initiatives, hospital dues, and source(s) of funds for population health management programs are still uncertain. GMCB Staff Presentation (April 1, 2020), 9. OneCare explained that an extension of the due dates found in Conditions 8, 9, and 13 to May 30, 2020 will "allow OneCare sufficient time to make contractual and budget adjustments needed to be responsive to the pandemic and to provide the Board with detailed information that is accurate and up-to-date." Budget Amendment Request (March 26, 2020), 2.

15. May 30, 2020 is a Saturday. The next regular Board meeting following May 30 is on Wednesday, June 3, 2020.

16. OneCare's third request is that the Board extend the due dates for the deliverables required by Conditions 17 and 19 of the FY20 Budget Order to September 30, 2020. Budget Amendment Request (March 26, 2020), 2.

17. Condition 17 requires OneCare to provide the Board with a report no later than April 30, 2020 on how its population health investments address cost and quality differences across Health Service Areas as identified in its variations in care analyses. Condition 19 requires OneCare to submit a prototype for an ACO performance dashboard no later than July 31, 2020 and a plan to implement the dashboard by December 31, 2020. Condition 19 also specifies that GMCB staff will work with OneCare to determine the required form and content for the submission. FY20 ACO Budget Order.

18. OneCare stated that extending the due dates for the deliverables required by Conditions 17 and 19 to September 30, 2020 will provide it with time to respond to changing budgets and contractual obligations and to allocate staff to meet the needs of its provider network. OneCare Budget Amendment Request (March 26, 2020), 2. Furthermore, given staffing constraints and shifting priorities related to the public health emergency, GMCB staff have been unable to complete the guidance for OneCare to initiate this work. *Id.*; GMCB Staff Presentation (April 1, 2020), 5.

19. OneCare's final request is that the Board amend Condition 18 of the FY20 Budget Order, which requires OneCare to develop no later than June 30, 2020 (or a later date agreed to by OneCare and Board staff) a workplan to evaluate the effectiveness of OneCare's population health investments. OneCare requested that the language be amended to focus the evaluation on its core population health investments (i.e., PHM payments to primary care, VBIF, and complex care coordination program). Budget Amendment Request (March 26, 2020), 2.

20. At the April 1, 2020 Board meeting, OneCare's chief executive officer explained that OneCare made its request because some of its population health programs might need to be put on a pause, which will make the evaluation of their effectiveness challenging, if not impossible. Recording of April 1, 2020 Meeting of the Green Mountain Care Board, 23:50-24:45.

CONCLUSIONS

Circumstances are materially different now than they were in December 2019 when we approved OneCare's FY20 budget. *See Findings, ¶¶ 1-4.* We therefore welcome OneCare's request for amendments to its budget, and we expect that some of the changes we are approving in this decision will give OneCare time to adjust its budget in ways that will support providers and their ability to respond to and survive the pandemic.

Request #1

We support OneCare's first request because it will result in immediate financial relief to hospitals participating in the Vermont Medicare ACO Initiative. This relief is very much needed given significant revenue losses associated with COVID-19. *See Findings, ¶ 4.*

Request #2

We also support OneCare's second request because many of the topics that are covered by Conditions 8, 9, and 13 are still in flux. Given the impacts of COVID-19, OneCare will likely need to adjust its budget to reflect changes in payer contracts, population health investments, and hospital dues. Extending the due dates for the deliverables required by Conditions 8, 9, and 13 will give OneCare time to work through these issues. Findings, ¶ 14. We will move the date of the presentation (Condition 8) to June 3, 2020, which is the date of the first Board meeting after May 30, 2020. Finding, ¶ 15. So that the Board and Board staff have enough time to review the materials in advance of the June 3 presentation, we will move the due dates for the written submissions (Conditions 9 and 13) to May 15, 2020.

Request #3

We support OneCare's third request as well. Extending the due dates for the deliverables required by Conditions 17 and 19 will provide OneCare with time to respond to changes brought about as a result of COVID-19 and to allocate staff to meet the needs of its provider network. Furthermore, given staffing constraints and shifting priorities, GMCB staff have been unable to complete required guidance for OneCare relating to this work. Findings, ¶ 18.

Request #4

While we understand the potential difficulty of evaluating programs that will be “paused,” we conclude that Condition 18, which requires OneCare to develop an evaluation workplan, is already flexible enough to account for this concern. *See Findings, ¶¶ 19-20.* We therefore do not amend Condition 18 as OneCare requested.

New Condition 22

While OneCare may not have the data and information necessary to present a final revised budget to the Board by April 15, 2020 (Condition 8), the Board needs to better understand how OneCare is and will be responding to the pandemic, including how it is evaluating potential changes to its programs and other aspects of its budget (e.g., hospital dues). We will therefore add a condition to the FY20 budget order that requires OneCare to come before the Board and present on these issues no later than April 22, 2020. We will also continue to check in with OneCare as the situation with COVID-19 evolves.

ORDER

Based on our findings and the authority granted by 18 V.S.A § 9382(b), we amend OneCare’s FY20 Budget Order as follows:

- 1) Reduce the total VBIF amount by the projected Medicare withhold of \$1,351,984, provided OneCare releases any funds already withheld back to hospitals as expeditiously as possible.
- 2) Revise Condition 8 by replacing April 15, 2020, with June 3, 2020.
- 3) Revise Condition 9 by replacing March 31, 2020, with May 15, 2020.
- 4) Revise Condition 13 by replacing March 31, 2020, with May 15, 2020.
- 5) Revise Condition 17 by replacing April 30, 2020, with September 30, 2020.
- 6) Revise Condition 19 by replacing July 31, 2020, with September 30, 2020.
- 7) Add a new Condition 22 to read: “No later than April 22, 2020, OneCare Vermont must present to the Board on its role and response to COVID-19, including information available about programs, program changes, or potential revisions to its budget.”

So ordered.

Dated: April 6, 2020 at Montpelier, Vermont

s/ <u>Kevin Mullin, Chair</u>)	
)	GREEN MOUNTAIN
s/ <u>Jessica Holmes</u>)	CARE BOARD
)	OF VERMONT
s/ <u>Robin Lunge</u>)	
)	
s/ <u>Maureen Usifer</u>)	
)	
s/ <u>Tom Pelham</u>)	

Filed: April 6, 2020

Attest: s/ Jean Stetter
Green Mountain Care Board
Administrative Services Director

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