2018 OneCare
All-Payer-Model Revised Budget

Green Mountain Care Board

November 2nd, 2017

OneCareVermont

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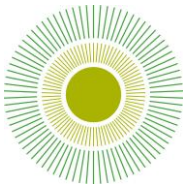

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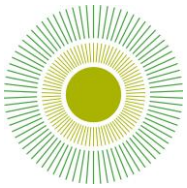
2018 Budget Accomplishes Much

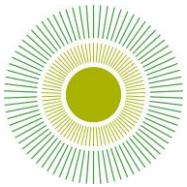


"Check Offs" in 2018 OneCare Budget

- ✓ **All Payer Model**
  - Big step toward vision and scale of APM
  - Programs for Medicare, Medicaid, BCBSVT and a UVMMC Self-Funded Plan Pilot
- ✓ **Hospital Payment Reform**
  - Prospective population payment model for Medicaid, Medicare, and Commercial
- ✓ **Primary Care Support/Reform**
  - Broad based programs for all primary care (Independent, FQHC, Hospital-Operated)
  - More advanced pilot reform program for three independent practices
- ✓ **Community-Based Services Support/Reform**
  - Inclusion of Home Health, DAs for Mental Health and substance abuse, and Area Agencies on Aging in complex care coordination program
- ✓ **Continuity of Medicare Blueprint Funds (Former Medicare Investments under MAPCP)**
  - Continued CHT, SASH, PCP payments included for full state
- ✓ **Significant Movement Toward True Population Health Management**
  - RiseVT (a major feature/partner in OneCare's Quadrant 1 approach)
  - Disease and "Rising Risk" Management (Quadrant 2)
  - Complex Care Coordination Program (Quadrants 3 and 4)
  - Advanced informatics to measure and enable model

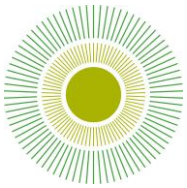
Network

Building the 2018 OneCare Network



- **"Home hospital" participation is required for other attributing providers in the HSA to join the network**
  - We did not accept attributing providers in other communities (where hospital not participating) due to risk management
  - We do have some limited COC providers in non-risk communities
- **Network now formally submitted to Medicare, Medicaid, and to BCBSVT**
  - From here final network either all proceeds or entire ACO must decline contract for proceeding with one or more 2018 program(s)
  - Final prospective attribution models spending targets will be a major factor in the decision to move forward

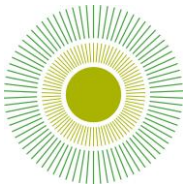
2018 Hospital Risk Selection



- **The following hospitals are moving forward with two-sided risk programs:**
  - Brattleboro Memorial Hospital
  - Central Vermont Medical Center*
  - Dartmouth Hitchcock – Medicaid and BCBSVT
  - Mt. Ascutney Hospital – Medicaid Only
  - North Country Hospital – Medicaid Only
  - Northwestern Medical Center*
  - Porter Medical Center*
  - Southwestern Vermont Medical Center – Medicaid Only
  - Springfield Medical Care Systems
  - University of Vermont Medical Center*

*In VMNG "Risk" Program in 2017

2018 Final Risk Network



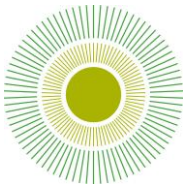
	All Payer Programs							VMNG Only		
	Berlin	Brattleboro	Burlington	Lebanon^	Middlebury	St. Albans	Springfield	Bennington	Newport	Windsor
Hospital	CVMC	BMH	UVMMC	DH	PMC	NWMC	SH	SWVMC	North County	Mt. Ascutney
FQHC	Declined	N/A	Declined	N/A	N/A	NOTCH (VMNG only)	SMCS	Declined	N/A	N/A
Ind. PCP Practices	N/A	1 Practices	14 Practices	N/A	2 Practices	2 Practices	NA	5 Practices	N/A	N/A
Ind. Specialist Practices	4 practices	N/A	14 Practices	N/A	4 Practices	4 Practices	NA	4 Practices	N/A	N/A
Home Health	Central VT Home Health & Hospice	VNA of VT and NH; Bayada	VNA Chittenden/ Grand Isle; Bayada	VNA of VT and NH	Addison County Home Health & Hospice	Franklin County Home Health & Hospice	VNA of VT and NH	VNA & Hospice of the Southwest Region; Bayada	Orleans Essex VNA & Hospice Inc.	VNA of VT and NH
SNF	4 SNFs	3 SNFs	2 SNFs	N/A	1 SNF	2 SNFs	1 SNF	2 SNFs	3 SNF	1 SNF
DA	Washington County Mental Health	Health Care and Rehabilitation Services of Southeastern Vermont	Howard Center	N/A	Counseling Service of Addison County	Northwestern Counseling & Support Services	Health Care and Rehabilitation Services of Southeastern Vermont	United Counseling Service of Bennington County	N/A	N/A
All other Providers	1 Naturopath 1 Spec. Svc. Agency	1 Other (Brattleboro Retreat)	1 Naturopath 2 Spec. Svc. Agencies	N/A	1 Naturopath	NA	1 other provider	1 other provider	N/A	N/A

^Dartmouth, in for VMNG and Commercial, will be a preferred provider for Medicare

OneCare has two AAA's who are collaborators and not program participants. They are AGE WELL, and Central Vermont Council on Aging

Attribution

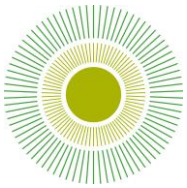
Network Attribution Model



HSA	Medicare	Medicaid	BCBSVT	Self-Funded	Total
Bennington*	604*	5,471	224*	0	6,299
Berlin	6,077	5,905	5,310	337	17,629
Brattleboro	2,342	3,571	1,919	1	7,833
Burlington	15,270	14,724	16,438	8,986	55,418
Middlebury	3,687	4,069	2,703	216	10,675
Springfield	2,401	2,238	3,582	2	8,223
St. Albans	3,093	2,952	2,624	405	9,074
Newport	0	2,892	0	0	2,892
Windsor	0	1,174	0	0	1,174
Lebanon	0	1,215	2,143	15	3,373
Total	**33,474**	**44,211**	**34,943**	**9,962**	**122,590**

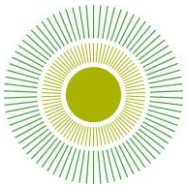
* SWVMC, the Bennington home hospital, is only participating in the Medicaid program. An all-program attributing participant Primary Care Health Partners (PCHP) includes a Bennington HSA Practice, Mt. Anthony Primary Care.

Attribution Mechanics

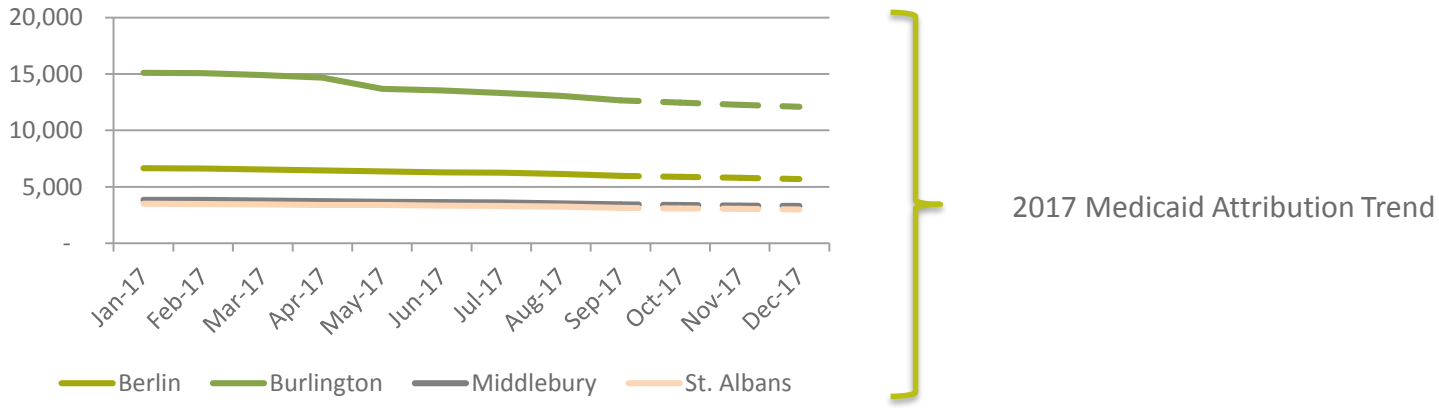


- **Attribution is ultimately determined by the payer, and each has slightly different methodology**
  - All are based on a primary care services relationship within a defined lookback timeframe
  - Population is segmented into groupings with separate PMPM spending targets and trends
- **Medicaid**
  - Preset cohort of lives
  - Updated monthly during performance year to validate continued enrollment and eligibility
  - Divided into three aid categories: ABD, Adult and Child
- **BCBSVT**
  - Preset cohort of lives
  - Updated monthly to validate continued enrollment and eligibility
  - Divided by Plan Level with other dimensions TBD (e.g. Adults versus Peds)
- **Medicare**
  - Preset cohort of lives
  - Updated quarterly to validate continued enrollment and eligibility
  - Divided into two categories: “Aged & Disabled” and “End Stage Renal Disease”
  - Final retrospective attribution and accountability rerun at the time of settlement

Attribution Attrition

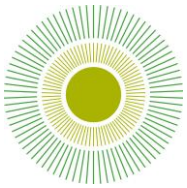


- **With a "closed cohort" of lives, attribution can only shrink throughout the year.**
- **The amount of attribution attrition will vary by payer-program**
  - Medicaid is expected to have the highest attrition and is modeled with attrition built into the budget
- **In the 2017 VMNG program, attribution attrition has averaged 1.1% per month**
- **Based on the expected 2018 Medicaid attribution about 5,000 lives will lose their attribution eligibility throughout the year**
  - TCOC targets and maximum risk/savings limits adjust for this attrition



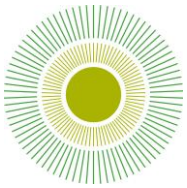
Total Cost of Care Targets

Setting 2018 Program Targets

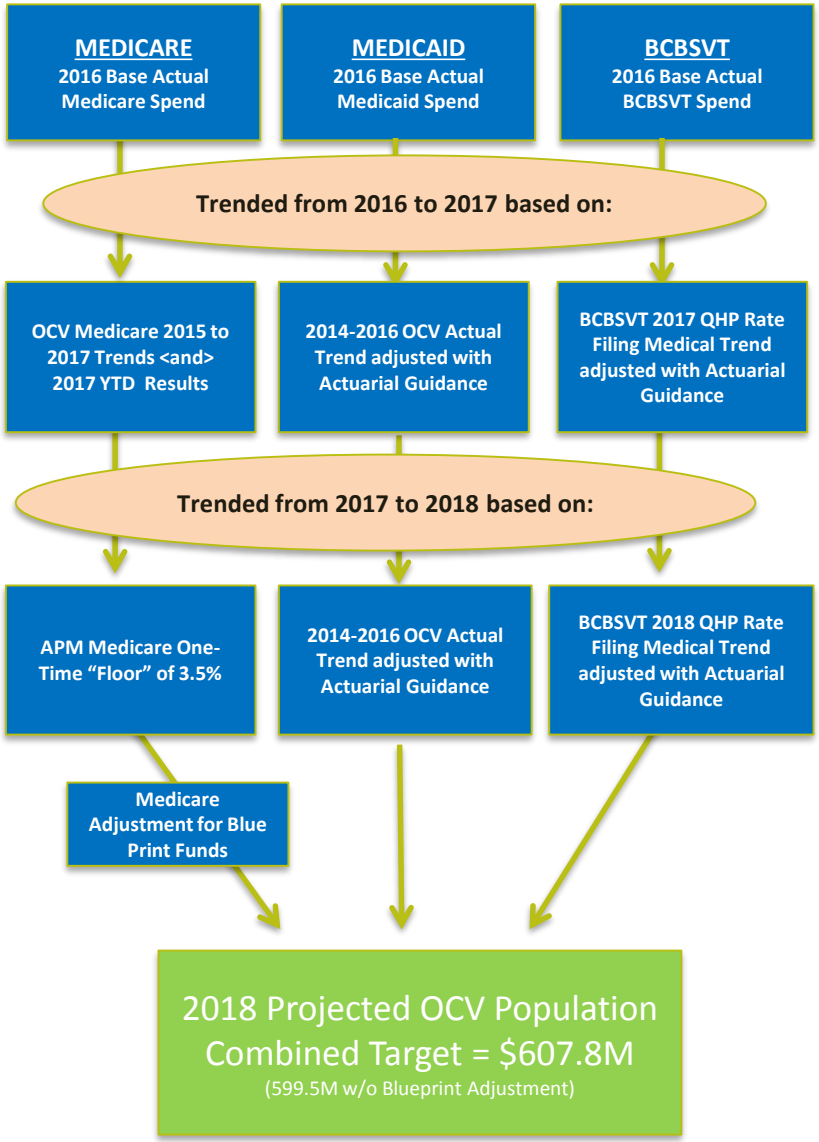


- **Negotiations aim to agree upon/accept PMPM spending targets for each population segment of the payer-program**
  - Separate PMPMs for each population segment allows overall target to adjust with changes to the population mix throughout the year
  - Final spending benchmarks calculated by multiplying the PMPMs by the actual attribution throughout the performance year
- **Medicaid & BCBSVT**
  - 2016 spend for the projected attributed lives used as the base and trended forward based on actuarial analysis
  - Final agreement from both parties required to move forward
- **Medicare**
  - GMCB sets target in consultation with CMS to under parameters in the APM Agreement
  - OneCare used best available data and assumptions to budget Medicare attribution and target

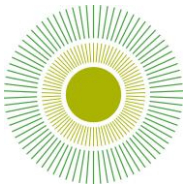
Budgeting 2018 Program Targets



Target Budget Methodology – Revised Budget



Budgeted Target Model



Hospital Located in HSA

Other Hospitals in Network

All other providers FFS (both in/out network)

Attributing HSA

2018	Home Hospital	UVMMC	DH	Other Hospitals	FFS In	FFS Out	Total
Bennington	$6,834,065	$422,899	$1,390,774	$495,977	$2,069,033	$9,764,575	$20,977,323
Berlin	$45,443,590	$20,409,491	$5,529,928	$91,043	$7,914,805	$15,796,931	$95,185,787
Brattleboro	$13,988,563	$251,826	$7,255,403	$298,588	$4,734,434	$9,716,801	$36,245,616
Burlington	$161,271,688	n/a	$3,300,498	$18,149,311	$29,972,926	$50,149,028	$262,843,451
Middlebury	$22,687,973	$17,518,649	$1,254,253	$213,144	$8,523,436	$12,707,071	$62,904,526
Springfield	$10,440,156	$586,195	$14,095,394	$1,616,333	$8,440,752	$14,207,965	$49,386,794
St. Albans	$18,487,202	$13,456,612	$217,949	$53,445	$5,457,670	$6,319,984	$43,992,861
Newport	$4,717,950	$674,085	$1,326,083	$46,943	$247,402	$1,663,573	$8,676,036
Windsor	$963,465	$15,407	$1,046,288	$73,704	$192,483	$492,992	$2,784,339
Lebanon	$11,440,414	$149,638	n/a	$253,396	$180,513	$4,448,596	$16,472,556
TOTAL	**$296,275,064**	**$53,484,802**	**$35,416,569**	**$21,291,883**	**$67,733,454**	**$125,267,517**	**$599,469,290***

Home Hospital Spend
49.4%

Other Network Hospital Spend
18.4%

Other Provider FFS Spend
32.2%

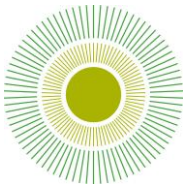
In OCV Network FFS
11.3%

Out of OCV Network FFS
20.9%

*Does not include the Blueprint adjustment in target which is not paid via claims

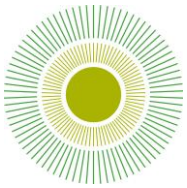
Risk Sharing

OCV 2018 Program Risk Summary



Payer	Program	Risk Model
Medicare	• Modified Next Generation Medicare ACO Program	• 100% or 80% Risk (Our Choice) • 5% to 15% Corridor (Our Choice) • ***Budget model will assume minimum model risk on TCOC which is 4% (= 5% * 80%)***
Medicaid	• Vermont Medicaid Next Generation ACO Program (Year 2 Renewal)	• For 2017: 100% Risk on 3% Corridor • ***Budget will assume continuity of that model at 3% on TCOC***
Commercial Exchange	• Move XSSP to 2-sided Risk with BCBSVT	• In Discussion for 50% risk on a 6% Corridor • ***Budget will apply that draft model for total maximum risk of 3% on TCOC (= 6% * 50%)***
Self-Funded	• Upside-Only Program for UVMMC Employee Plan	• OneCare to receive **30% of shared savings AFTER first $9.00 PMPM is saved** (covers employers investment above first) up to 10% of TCOC

Delegated Risk Accountability



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Home Hospital Spend 49.4% | Other Network Hospital Spend 18.4% | Other Provider FFS Spend 32.2%

In OCV Network FFS 11.3% | Out of OCV Network FFS 20.9%

Delegated Risk Accountability Based on HSA-level Subset of OneCare Accountability

HSA Population
- OneCare attributed lives attributed to providers practicing in that HSA
- Can be attributed from hospital-employed, independent, and/or FQHC clinicians

HSA Spending Target
- Set by payer program for the HSA Population from the Budgeted Spend Distribution
- Represents part of OneCare wide target expected spending for the specific HSA Population
- Based on Total Cost of Care

Home Hospital Bears Fixed Revenue Risk
- Covers HSA Population Services Delivered at Home Hospital
- Excess Utilization Risk Accrues as True Variable Cost to Deliver Additional Services

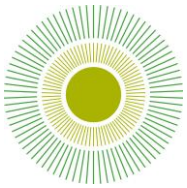
NOT SUBJECT TO CASH REPAYMENT OR SAVINGS

Home Hospital Bears FFS Spending Risk
- All Other FFS Services/Claims (Paid by Payer and Counted Against Targets)
  - Services delivered by FFS Providers in HSA and Outside
  - Services delivered by FFS Providers in Vermont and all other Locations
  - Services delivered both by FFS Providers Contracted with OneCare and Not Contracted with OneCare
- Annual Due-to, Due-from Reconciliation/Settlement through OneCare on FFS Value of Services Provided by other Risk Hospitals* to HSA Population

SUBJECT TO CASH REPAYMENT OR SAVINGS

* Services provided by Vermont risk hospitals to other HSA Populations are included in Fixed Prospective Payment (FPP) program so must be settled within network by OneCare

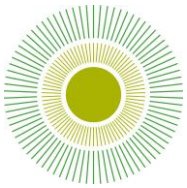
Maximum Risk and Savings Limits

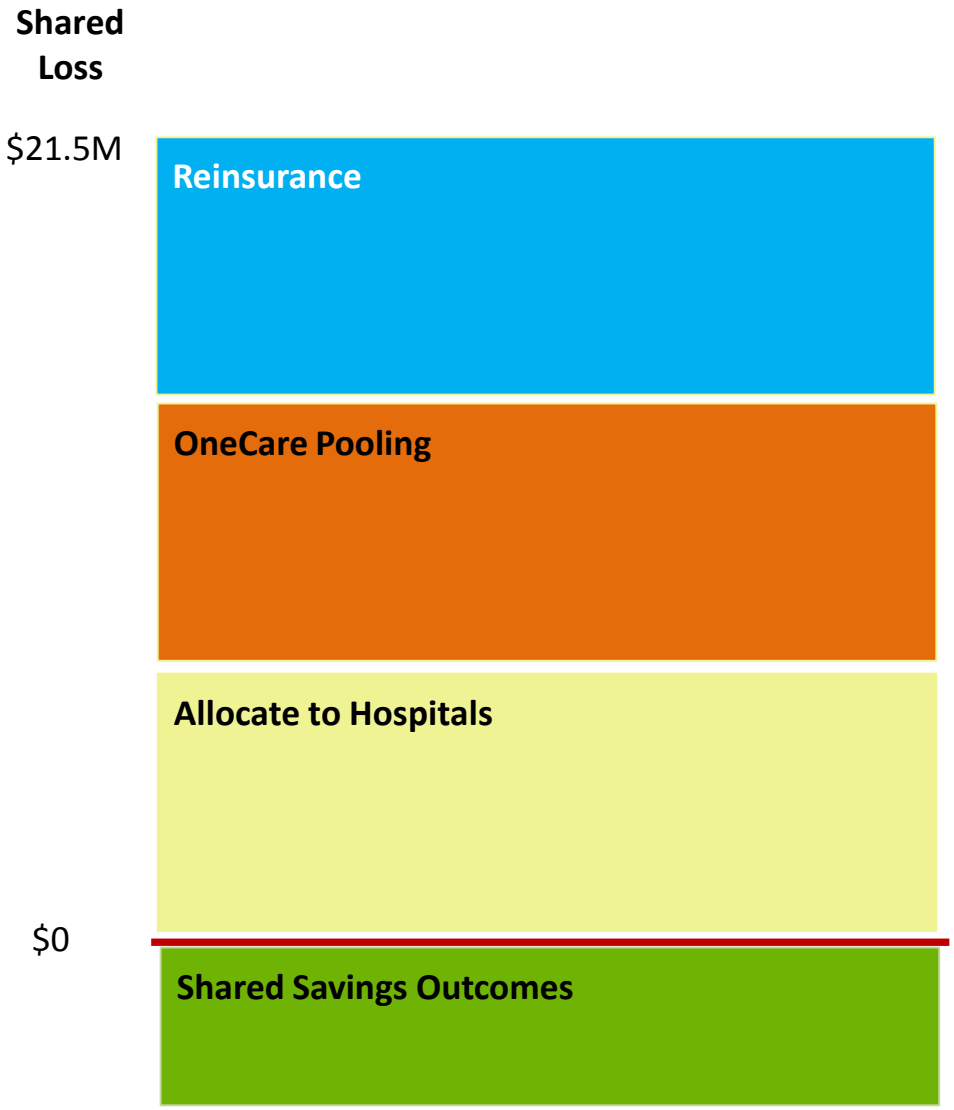


- Maximum risk is determined at the ACO level, which means that technically one HSA can be responsible for generating the full savings or losses
- The OneCare risk model is designed to limit the risk/savings for any one HSA to protect hospitals from an unaffordable overrun
- The maximum risk figure is calculated by applying the risk corridors for each payer-program to the HSA's TCOC target by payer

2018	Total Target (Combined Payer Programs)	Maximum Risk/Savings (Combined Payer Programs)
Bennington	$20,977,323	$410,124
Berlin	$95,185,787	$3,495,009
Brattleboro	$36,245,616	$1,344,808
Burlington	$262,843,451	$9,596,728
Middlebury	$62,904,526	$2,302,326
Springfield	$49,386,794	$1,831,141
St. Albans	$43,992,861	$1,626,913
Newport	$8,676,036	$263,836
Windsor	$2,784,339	$84,671
Lebanon	$16,472,556	$500,926
TOTAL	**$599,469,290**	**$21,456,481**

OneCare Vermont Layered Risk Strategy





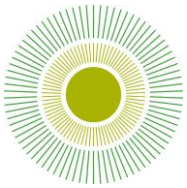
3. OneCare intends to hold reinsurance protection to reimburse the entire ACO pool for broad-based overruns when driven by remaining FFS (including out-of-network spending)

2. OneCare pools amounts above the individual hospital limits (including reconciliation/settlements among risk hospitals) but before reinsurance attachment conditions are met

1. OneCare Vermont will assign responsibility for HSA Population TCOC to individual at-risk hospitals, but limit each hospital to the maximum dollar value limit* of cash repayment

*These sum of the maximum hospital cash repayment amounts would cover the entire ACO risk liability of $21.5M in a worst case scenario even in the absence of reinsurance coverage

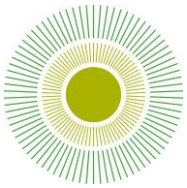
Risk Settlement Mechanics



- **All programs will settle in the summer of 2019**
  - Important to allow enough claims runout to have an accurate TCOC measure
- **Medicaid & BCBSVT**
  - Final spending target calculated based on actual attribution and negotiated PMPMs
  - Fixed payments treated as true fixed payments (i.e. no reconciliation at ACO level)
  - Variable component is the remaining FFS
- **Medicare**
  - Final spending target calculated based on actual final attribution and agreed PMPMs with a year-end retrospective risk adjustment
  - Fixed payment is reconciled against FFS equivalent claims
    - If the fixed payment was higher than the FFS equivalent, the ACO owes money back to Medicare BUT instantly earns shared savings against the spending target.
    - If the fixed payment was lower than the FFS equivalent, the ACO receives money from Medicare BUT instantly earns losses against the spending target.
- **After final performance for each program is evaluated, OneCare Vermont will reconcile per the Risk Savings/Losses Policy**
  - Hospitals will be invoiced by OneCare if they owe cash payments either for internal OneCare reconciliations/settlements <and/or> to help OneCare make payments to payers to cover program losses
    - Accruals for expected payments will be provided much earlier, based on trends and analysis starting during the performance year
  - Hospitals earning cash shared savings will receive payment from OneCare Vermont

Hospital Fixed Payments and ACO Funding

Fixed Payments



- **Participating hospitals will be receiving fixed payments for the care delivered in their facility**
  - The payments cover the cost of care for all OneCare attributed lives
  - Component of fixed payment for services to other HSA Populations subject to reconciliation/settlement

	Risk Hospitals											
TOTAL	**DH***	**SVMC**	**CVMC**	**BMH**	**UVMMC**	**Porter**	**Springfield**	**NMC**	**NCH**	**MAHHC**	**FFS**	**Total**
Bennington	$0	$6,834,065	$14,863	$392,395	$422,899	$67,093	$18,230	$2,738	$0	$658	$13,224,382	**$20,977,323**
Berlin	$0	$2,541	$45,443,590	$7,443	$20,409,491	$13,890	$2,960	$42,229	$17,114	$4,865	$29,241,664	**$95,185,787**
Brattleboro	$0	$20,140	$34,564	$13,988,563	$251,826	$435	$240,791	$1,648	$491	$519	$21,706,639	**$36,245,616**
Burlington	$0	$860,026	$10,739,114	$639,845	$161,271,688	$980,013	$51,642	$4,861,404	$15,782	$1,485	$83,422,452	**$262,843,451**
Middlebury	$0	$2,919	$145,472	$3,743	$17,518,649	$22,687,973	$18,071	$35,023	$7,916	$0	$22,484,760	**$62,904,526**
Springfield	$0	$61,269	$421,132	$1,078,111	$586,195	$5,082	$10,440,156	$2,879	$2,486	$45,374	$36,744,110	**$49,386,794**
St. Albans	$0	$1,497	$30,416	$828	$13,456,612	$3,225	$1,537	$18,487,202	$15,943	$0	$11,995,601	**$43,992,861**
Newport	$0	$2,192	$12,617	$13,491	$674,085	$883	$2,460	$13,015	$4,717,950	$2,284	$3,237,059	**$8,676,036**
Windsor	$0	$843	$1,306	$3,723	$15,407	$360	$67,287	$186	$0	$963,465	$1,731,762	**$2,784,339**
Lebanon	$11,440,414*	$1,771	$35,137	$82,800	$149,638	$943	$71,090	$5,229	$866	$55,560	$4,629,108	**$16,472,556**
TOTAL	**$11,440,414**	**$7,787,263**	**$56,878,211**	**$16,210,942**	**$214,756,490**	**$23,759,897**	**$10,914,224**	**$23,451,553**	**$4,778,548**	**$1,074,210**	**$228,417,537**	**$599,469,290**

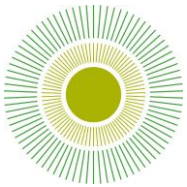
Home Hospital Fixed Revenue Risk

Gross Fixed Hospital Payments: $371M = 61.9%
($296M is Home Hospital Fixed Revenue Risk and $75M is subject to OCV Reconciliation/Settlement)

Remaining FFS Payments: $228M = 38.1%

* DH modeled to take home hospital fixed payment accountability for their locally attributed lives but may not be part of true fixed payment model

Cash Flow through OneCare Vermont



- Fixed Payment Program Offered by Payers to ACO
- OneCare Designates Which Providers to be Included
- Called All-Inclusive-Population-Based Payment (AIPBP) Payment Model by Medicare

$207M

$72M

$92M

$371M Total

OneCareVermont

$18.5M Total Deductions

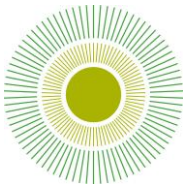
Deductions from Payments to Help Fund PHM/Reform Investments and ACO Infrastructure/Operations									
DH	**SVMC**	**CVMC**	**BMH**	**UVMMC**	**Porter**	**Springfield**	**NMC**	**NCH**	**MAHHC**
$409,211	$1,202,269	$2,922,084	$1,078,336	$9,291,668	$1,232,268	$264,362	$994,938	$689,059	$374,875

Hospitals Receive Net of $353M (but additionally will receive Provider Proceeds from PHM/Reform Programs)

Hospital Fixed Payments									
DH	**SVMC**	**CVMC**	**BMH**	**UVMMC**	**Porter**	**Springfield**	**NMC**	**NCH**	**MAHHC**
$11,031,202	$6,584,994	$53,956,127	$15,132,604	$205,464,821	$22,527,630	$10,649,861	$22,456,615	$4,089,490	$699,334

The remaining $228M of the TCOC continues to flow directly from the payer to the provider

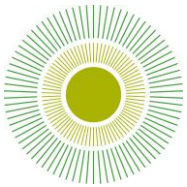
Net Financial Experience for Hospitals



- Initial model indicates risk hospital organizations receive 40.0% of total dollars from PHM/Payment Reform programs (not including hospital fixed payment program)
  - OneCare budget projects a total of $10.9M in direct cash receipts to hospital against the $18.5M in offsets
  - ***Net contribution by hospitals then = $7.6M which is similar magnitude to current participant fees which go away***
- NOTE: Hospital organizations to have choice on whether to consider the PHM/Payment Reform receipts as general revenue if their FY18 budget already included the support of ACO processes <or> deploy the PHM/Payment Reform as shifted financial resources and challenge themselves to drive lower hospital utilization to meet the reduced fixed payment amounts

Reform Programs Update

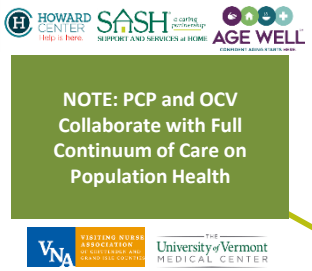
2018 OneCare PCP "Standard" Reform Model



Attributed Population

Full Attributed Panel

High Risk



NOTE: PCP and OCV Collaborate with Full Continuum of Care on Population Health

OneCareVermont

OCV Complex Care Coordination $15-$25 PMPM

OCV Basic PHM Payment $3.25 PMPM

OneCareVermont

OneCareVermont

Value-Based Quality Incentive (Annual Eligibility for Attributed Lives)

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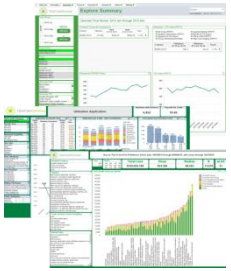
Supporting Data and Systems at No Charge

Care Navigator (Population Health Management System)

Workbench One (Performance Data and Analysis)



NOTE: Base Revenue Model Remains as usual FFS; Primary Care is Under No Financial Risk

OneCareVermont

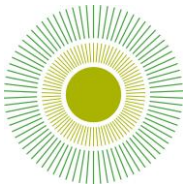
OCV Provides Blueprint Continuity for Medicare Practice Payments and CHT Support Funds (plus SASH program)

Blueprint Payments/Programs Continue

BlueCross BlueShield of Vermont

VERMONT
AGENCY OF HUMAN SERVICES

Comprehensive Payment Reform (CPR) Pilot for Independent PCPs



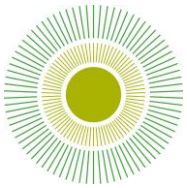
- Budget model includes a $1.8M supplemental investment to develop a multi-payer blended capitation model for primary care services.
- Program offered to independent PCP practices with at least 500 attributed lives across all programs
- Three practices agreed to participate in the pilot
  - Thomas Chittenden Health Center
  - Cold Hollow Family Practice
  - Primary Care Health Partners
- Operational model incorporates monthly PMPM prospective payments to cover primary care services delivered to the attributed population by the practice.
  - Medicaid and Medicare will be moving forward with a fixed payment
  - BCBSVT will remain FFS in 2018 but be included by OneCare in setting/reconciling against blended multi-payer PMPM set for Practices
  - Reimbursement will be based on a risk/age adjusted blended PMPM, with adjustments for the unique service delivery capabilities of each practice

Thomas Chittenden Health Center
Personalizing Primary Care

Cold Hollow Family Practice

primarycare HEALTH PARTNERS

Budgeted 2018 Self-Funded Pilot



- **Scope**
  - Budget for 2018: UVMMC Employees Plan
  - Envisioned for 2019+: Other Hospitals, Government Employee Plans, Non-Healthcare Private Employers
- **Attribution**
  - Use standard commercial attribution against OneCare Network
  - Will require separate provider contract rider for providers to participate in this program
- **Draft Program Approach – Designed to Align with Other ACO Programs**
  - UVMMC pays OneCare a total of $9.00 PMPM for Covered Lives Attributed to OneCare Providers
    - $3.25 PMPM to be paid by OCV to attributing providers for our PHM/Quality approach
    - $1.50 PMPM to cover payments (to primary care and community providers) for Complex Care Coordination program for top 3% risk lives
    - $1.00 PMPM to be contributed to the OneCare Value Based Incentive Fund (Measures for Self-Funded TBD)
    - $3.25 PMPM to OneCare toward ACO Infrastructure (to be credited against other contribution streams)
  - UVMMC offers shared savings
    - OneCare to receive 30% of shared savings AFTER first $9.00 PMPM is saved (covers employers investment above first)
    - Shared savings earned until plan is 10% below the total cost of care target
    - Target to be set by UVMMC in consultation with Carrier and Broker

OneCare Operating Expenses and Overall P & L

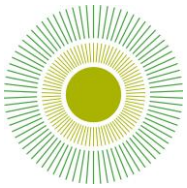
2018 Operating Expense Budget

	Expenses	2017 Budget	2018 Budget
Personnel	Executive leadership	$1,391,106	$1,361,671
	Finance and accounting	$318,088	$497,605
	Government and Commercial Relations	$405,060	$474,740
	Clinical Team-Quality & Care Management	$1,791,267	$2,124,873
	Informatics/Analytics	$1,075,397	$1,186,193
	Operations	$858,307	$938,910
	Subtotal Personnel	**$5,839,224**	**$6,583,992**
Operating Expenses	Contracted/Consulting	$978,250	$845,766
	Software	$2,950,615	$2,925,467
	Insurance	$170,451	$1,579,891
	Supplies	$124,000	$112,142
	Travel	$87,000	$78,680
	Occupancy	$355,000	$321,051
	Other Expenses	$50,500	$45,671
	Subtotal General Operating	**$4,715,816**	**$5,908,668**
	Total Operating Expenses	**$10,555,040**	**$12,492,660**

Material Changes:

- $1.5M reinsurance policy
- 6.75 additional FTEs

2018 P&L



Please See the Accompanying P&L Exhibit

- Note that this is an illustrative P&L that shows the full scope of the budgeted OneCare Vermont TCOC targets, PHM/reform investments, and operating costs
- This is not a standard accounting treatment
  - The accounting methodology will be determined in conjunction with our auditing firm