OneCare Vermont

Policy Number & Title:	04-07 Program Settlement Policy
Responsible Department(s):	Finance
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Date Implemented:	January 1, 2020
Date Reviewed/Revised:	June 2, 2019
Next Review Date:	June 30, 2020

Purpose: To document the methodology used to calculate and process network settlement of the OneCare Vermont (OneCare) Programs to enable full accounting of all Program components with both the contracted plans and Participants.

Scope: This is applicable to all contracted network providers.

Policy

1) **General Policy**
   a) Participant hospitals function as the Risk Bearing Entity (RBE) and bear the risk of losses or receive savings for the cost of care for the attributed lives in their Healthcare Service Area (HSA).
      i) Any lives that attribute to OneCare but cannot be assigned to a Primary Care Provider (PCP) will be assigned to an HSA using the preponderance of care within the current Performance Year as the basis. If no services were delivered in the current Performance Year, historical claims will be substituted as the data source for assignment.
   b) Once finalized with the plan, all figures within the final program settlement will control and be the reference point for all subsequent allocations of payments due to and from RBEs.
   c) The settlement process has two components: (1) Risk Performance (performance against the spending benchmark or expected spending) and; (2) Other Monies Owed for reconciling activity (ex. AIPBP/FPP reconciliations, reinsurance cost). The Risk Performance component is subject to Maximum Risk Limit (MRL) constraints while Other Monies Owed is not.
   d) Risk Performance amounts and MRL constraints will be calculated separately for each Program.
   e) Final settlement calculations will be approved by the Finance Committee and/or Board of Managers.

2) **Risk Performance Calculations**
   a) Each HSA's individual performance will be calculated by subtracting the actual spending from the benchmark(s) supplied to each RBE to determine the Gross Risk Performance amount. The actual spending will be calculated using the applicable OneCare Program Agreement methodology and applying any modifications specified in OneCare policies for the lives attributed or assigned to the HSA.
      i) If the Program operates an unreconciled fixed payment (ex. Medicaid), the value for the home hospital cost of care will be the actual fixed payment amount and the value for the non-home hospital cost of care delivered by a participating hospital on fixed payment(s) will be the fee-for-service (FFS) equivalent value.

ii) If the Program operates a reconciled fixed payment (ex. Medicare), the cost of care for all services delivered under the reconciled fixed payment will be the FFS equivalent value.

iii) Any actual spending that OneCare cannot specifically tie to an Attributed Life (ex. due to data restrictions) will be allocated across HSAs using a fair basis.

iv) Any pooling of specific populations of Attributed Lives as described in the HSA Benchmark Policy will be calculated in alignment with the terms of the HSA Benchmark Policy.

v) Any high cost case truncation will be applied to the actual spending in a similar manner used to set the HSA benchmarks in the HSA Benchmark Policy. The aggregate amount over the truncation point will be spread to all HSAs using a fair basis.

vi) Factors that cannot be specifically assigned to an HSA such as sequestration, quality score adjustment, or other plan-dictated factors incorporated to the program settlement will be spread across HSAs using fair basis.

vii) Any remaining balance necessary to reconcile to the program Risk Performance amounts will be allocated across HSAs using a fair basis.

b) The Gross Risk Performance amount will be limited to the calculated MRL using the methodology and amounts contained in the RBE's OneCare Contract for each program to determine the Adjusted Risk Performance amount.

i) If the Gross Risk Performance amount is in excess of the MRL on either the savings side or the loss side, the Risk Performance amount will be replaced by the MRL value with the sign (+/-) matching the sign of the Gross Risk Performance amount.

ii) After limiting all RBEs to their own MRLs (if applicable), there may be a remaining balance not yet allocated to RBEs. Any proceeds from reinsurance or third-party risk protections will be applied to this remaining balance.

iii) Any remaining balance after step ii above will be allocated to all RBEs that have not met their MRLs in the direction (+/-) corresponding to the remaining balance using the eligible RBEs' MRLs as the basis.

(1) If spreading the remaining balance results in an RBE exceeding its MRL, that RBE will only receive the share that results in it meeting its MRL. If there is remaining balance, the amount will be allocated to all RBEs that have not yet met their MRLs in the direction (+/-) corresponding to the remaining balance. The eligible RBEs' MRLs is used as the basis for this allocation. This process will be done iteratively until there is no remaining balance and no RBE is in excess of its MRL.

c) The Adjusted Risk Performance amount, combined with any benefit or detriment experienced under an unreconciled fixed payment, will be the reported Program Performance.

3) **Other Monies Owed**

a) In the event that there are Other Monies Owed, which can be either to or from each RBE, the amounts will be added to the Adjusted Risk Performance amounts when determining the amount of final settlement between the RBE and OneCare.

b) For Programs with unreconciled fixed payments:

i) Hospital Participants: The component of each hospital's fixed payment that is designated for care delivered to patients attributed or assigned to a different HSA will be reconciled to the FFS equivalent value. This can result in an amount owed to the hospital or from the hospital.

ii) Non-Hospital Participants (ex. Comprehensive Payment Reform (CPR) practices): There will be no reconciliation of the fixed payments.

iii) The plans may impose corrections to fixed payments made to OneCare due to factors such as

the timing of information or changes in patient classification. These reconciling amounts will be applied to each hospital in alignment with the specific correction being made. If the correction cannot be attributed to any specific hospital(s), the amount will be allocated across hospitals using a fair basis.

c) For Programs with reconciled fixed payments:

   i) Hospital Participants: The fixed payment paid to the hospital will be reconciled in full to the FFS equivalent value. This can result in an amount owed to the hospital or from the hospital.

   ii) Non-Hospital Participants: There will be no reconciliation of the fixed payments. Any balance owed to or from the plan will be assigned to the hospital in the HSA(s) of the non-hospital participant(s).

d) If in the OneCare budget process the Board of Managers approves the use of final settlement to fund Programs and/or operations/administration, the total cost of the initiative(s) will be spread across RBEs using a fair basis.

4) **Cash Exchange**

a) Once settlement calculation have been approved by the Board on either an interim or final basis, all RBEs owing money to OneCare will have thirty (30) days to submit payment to OneCare from the date of demand. This can be either through check or deduction from ongoing payments being made to the RBE.

   i) OneCare reserves the right to deduct the amount owed from ongoing payments to ensure OneCare is able to meet its obligations to the plan(s).

b) All RBEs owed money from OneCare will receive payments within thirty (30) days of final approval, but contingent upon OneCare receiving payment from the plan and/or other network RBEs.

5) **Ongoing Review**

a) Some Program Agreements allow for review of the results well after the final settlement has concluded. In the event that a plan initiates this subsequent review, the results will be brought to the Finance Committee and Board of Managers for review and a decision in regard to the best way to manage the circumstance. The Board's actions may supersede any/all methodologies outlined in this policy.

Related Policies/Procedures: N/A

Location on Shared Drive:
S:\Groups\Managed Care Ops\OneCare Vermont\Policy and Procedures\Policies

Management Approval:

Director, ACO Finance & Analysis — Date: 7/29/19

VP and CHIEF OPERATING OFFICER — Date: 7/29/19

Board of Manager Approval:

Chair, OneCare Board of Managers (Required) — Date: 7/25/19