



**To:** Alena Berube, Melissa Miles, Marisa Melamed, Sarah Tewksbury, and Michael Barber;  
Green Mountain Care Board  
**CC:** HealthCare Advocate Health Policy Team  
**From:** Vicki Loner, CEO OneCare Vermont, Accountable Care Organization, LLC  
**Date:** December 2, 2019  
**Subject:** Responses to follow-up questions to the 2<sup>nd</sup> round of questions from GMCB on the FY 2020 budget submission

---

Dear Green Mountain Care Board Team,

Please find below OneCare Vermont's responses to the Green Mountain Care Board's follow-up questions to the 2<sup>nd</sup> round of questions regarding our 2020 Budget Submission. Our responses are below the repeated questions.

**Budget**

**Question 7:** Please provide the math underlying the calculation of 6.04%.

**The estimated base experience period spend and budgeted spend are provided to OneCare by the commercial QHP payers and are aggregated to demonstrate the calculation requested. The estimates are subject to change based on factors such as final attribution and contract terms.**

|              | <b>Est. Base Experience Period Spend</b> | <b>Budgeted Spend</b> | <b>Change</b> |
|--------------|--|-----------------------|---------------|
| <b>Total</b> | <b>\$192,832,315</b>                     | <b>\$204,477,286</b>  | <b>6.04%</b>  |

**Math:**  $(\$204,477,286 / \$192,832,315) - 1 = 6.04\%$

**Questions 10/11:** Based on current negotiating positions, please describe the potential parameters of the risk sharing arrangements that may be included in OneCare's 2020 commercial programs (i.e., QHP program and self-insured).

**OneCare is currently negotiating three Commercial programs, two with BCBSVT and one with MVP. All terms are under active negotiation and subject to change until contracts are fully executed. These contracts are anticipated to be fully compliant with scale target requirements and have aligned quality measures. OneCare's current negotiating positions on core program components are as follows.**

**MVP is anticipated to be a 1-year shared savings contract for their QHP population with the following core components:**

- **Attribution:** [redacted]
- **Base period:** [redacted]



- **Claims Truncation:** [redacted]
- **Fixed Prospective Payments:** [redacted]
- **PHM contribution:** [redacted]
- **Quality:** [redacted]
- **Risk Arrangement:** shared savings
- **Risk Corridor & Sharing:** [redacted]
- **Trend:** [redacted]
- **VBIF:** [redacted]

**BCBSVT QHP is anticipated to be a 1-year risk contract with the following core components:**

- **Attribution:** [redacted]
- **Base period:** [redacted]
- **Claims Truncation:** [redacted]
- **Fixed Prospective Payments:** [redacted]
- **PHM contribution:** [redacted]
- **Quality:** [redacted]
- **Risk Arrangement:** upside/downside risk
- **Risk Corridor & Sharing:** [redacted]
- **Trend:** [redacted]
- **VBIF:** [redacted]

**BCBSVT Primary (i.e. Large Group, Administrative Services Only, Blue Edge Enterprise) is anticipated to be a 1-year risk contract with the following core components:**

- **Attribution:** [redacted]
- **Base period:** [redacted]
- **Claims Truncation:** [redacted]
- **Fixed Prospective Payments:** [redacted]
- **PHM contribution:** [redacted]
- **Quality:** [redacted]
- **Risk Arrangement:** [redacted]
- **Risk Corridor & Sharing:** [redacted]
- **Trend:** [redacted]
- **VBIF:** [redacted]

**Question 12:** Why is the \$4M in reserves, which previously covered risk that is now covered by the founders, the right amount to continue to maintain on OCV's books? What specific risk is this intended to cover?

**The \$4M in reserves is required to cover OneCare's risk (e.g. liquidity, operational, credit, and medical loss). The 2020 budget model aims to balance the tension between significant hospital dues and the risks associated with a \$62M operating budget, \$44M of overall program risk, and \$472M of fixed payment cash flow. Because of the large sums that flow through OneCare, having reserves helps to provide general liquidity to manage financial operations, and protect against any credit/default risk should a hospital be unable to pay an obligation. While increasing the reserves amount was contemplated, the overall**



magnitude of hospital dues was a balancing concern. Because OneCare currently has no means other than hospital dues to generate reserves, the OneCare Board of Managers decided to maintain the forecasted level of reserves remaining at the end of 2019 recognizing that other risk mitigation strategies are in effect. These reserves are specifically intended to cover liquidity risk, operational risk, credit/default risk, and medical loss risk.

**Question 27:** Please provide the amounts of PHM investments that cross fiscal years (including 2019 funds to be spent in 2020; 2020 funds to be spent in 2020, 2021, and beyond; and identify any funds that are or are not reflected in the 2020 budget).

The submitted budget included a carryover of Specialist Program and Innovation Fund revenue that is obligated but will not be expensed until future years. These numbers may change as programs evolve. The breakdown is as follows:

| Initiative                                 | 2019<br>Estimate<br>d<br>Amount | 2020<br>Estimated<br>Amount | 2021<br>Estimated<br>Amount |
|--|---------------------------------|-----------------------------|-----------------------------|
| 2019 Specialist Programs                   | \$269,500                       | \$1,394,500                 | \$0                         |
| 2019 Innovation Fund Programs              | \$454,603                       | \$672,581                   | \$167,699                   |
| 2020 (Projection) Specialist Programs      |                                 | \$750,000                   |                             |
| 2020 (Projection) Innovation Fund Programs |                                 | \$250,000                   | \$500,000                   |

Spending for the revenues that will be generated in 2020 are dependent on an RFP process and/or contract negotiations and have not been finalized. It can be expected that some of those dollars will be expensed in 2020 and some will carry over into future years.

**Certification**

**Question 2:** please describe your process for assessing your financial vulnerabilities and provide examples of any standard reports generated for or by your finance committee; please also provide any exemplars of ad hoc reports provided to your board in 2019.

The process for assessing financial vulnerabilities starts with monthly program performance reporting developed internally by OneCare teams. These reports utilize regular claims feeds from payers, other supplemental payer reports, and internally-developed IBNR models to project and forecast overall program performance. The data are reviewed by internal OneCare teams and posted to the secure portal for risk-bearing entities. If in the process of the regular review financial vulnerabilities are noted, these vulnerabilities are evaluated by OneCare management to determine the appropriate course of action. For example, there could be specific outreach to a risk-bearing entity, legal review, presentation to the OneCare Finance Committee, presentation to the OneCare Population Health Strategy Committee, and/or presentation to the OneCare Board of Managers. Through this process it will be determined whether the financial vulnerability



needs continued monitoring or if immediate action is needed. If the latter, management will seek the appropriate guidance from governance bodies to determine next steps.

Included with this submission is an example of a standard report.

See attached exemplar of an ad hoc report used in the analysis of the 2019 benchmark.

**Other Outstanding Items**

- OneCare’s 2018 settlement calculations (e.g., risk performance calculations and other monies owed calculations) by hospital and payer. This was originally requested as part of the first round of questions (question 8)

**OneCare Vermont**  
*2018 Program Settlement by HSA*  
 10/24/2019

| HSA          | Medicare*          | Medicare Adv SS    | Medicaid             | BCBS QHP           | Total               |
|--------------|--------------------|--------------------|----------------------|--------------------|---------------------|
| Bennington   | \$0                | \$117,925          | \$247,914            | \$0                | \$365,839           |
| Berlin       | \$908,045          | \$1,244,304        | (\$490,634)          | (\$139,706)        | \$1,522,008         |
| Brattleboro  | \$380,284          | \$525,782          | (\$363,097)          | (\$132,661)        | \$410,309           |
| Burlington   | \$2,525,225        | \$3,460,343        | (\$723,132)          | (\$477,528)        | \$4,784,907         |
| Lebanon      | \$0                | \$0                | \$96,717             | \$218,101          | \$314,819           |
| Middlebury   | \$613,898          | \$841,232          | (\$75,053)           | \$4,765            | \$1,384,842         |
| Newport      | \$0                | \$0                | \$300,358            | \$0                | \$300,358           |
| Springfield  | \$749,748          | \$1,036,605        | (\$128,488)          | \$41,813           | \$1,699,678         |
| St. Albans   | \$391,378          | \$536,309          | (\$380,886)          | (\$160,359)        | \$386,443           |
| Windsor      | \$0                | \$0                | (\$24,233)           | \$0                | (\$24,233)          |
| <b>Total</b> | <b>\$5,568,578</b> | <b>\$7,762,500</b> | <b>(\$1,540,534)</b> | <b>(\$645,574)</b> | <b>\$11,144,970</b> |

\*after Blueprint

- 2018 audited financials. Required in FY19 Budget Order Condition (K).

**OneCare has not yet finalized the 2018 audit report. We anticipate completion by late December and will submit it at that time.**

- Updated hospital risk addendums. Required for budget and certification monitoring and reporting.

**OneCare is attaching the Maximum Risk Limit Addendums for the risk-bearing hospitals from summer 2019. OneCare mailed updated Medicare hospital risk addendums on November 19, 2019 after the finalization of the 2019 benchmark. They are due back to OneCare in early December. OneCare will provide GMCB copies of the updated risk addenda once they are all on file.**

- Revised 10/30 presentation identifying 2018 advanced shared savings vs. shared savings.



**Attached is a presentation with a revised slide indicating the amount of shared savings that was advanced to OneCare throughout 2018.**

Attachments

1. Example standard report (Certification Q2)
2. Exemplar of ad hoc report (Certification Q2)
3. MRLs – Rd 1 (outstanding item #3)
4. Revised OneCare slides for testimony (replacement slide inserted)