OneCare Vermont

February 26, 2020

Dear Chair Lyons and Committee Members:

On behalf of OneCare Vermont (OneCare), thank you again for the opportunity to testify on S.290 and to provide written feedback on the sections of the bill that relate to the "creation of additional reporting, certification, and budgeting requirements for accountable care organizations." As a follow up to our previous testimony and written comment, I would like to propose alternative language and/or clarification.

I. Statement of purpose of bill as introduced: This bill proposes to create additional reporting, certification, and budget requirements for accountable care organizations
   - Alternative: instead of "create additional" substitute align or streamline. End the sentence with "to support All Payer Accountable Care Model implementation and goals."

II. Section 1. 18 V.S.A. § 9382 Oversight of Accountable Care Organizations (a)(4)&(5) ACO to foster collaboration among providers and engage in multi-year relationships.
   - Strike: This is an unnecessary requirement as OneCare already has multi-year relationships with providers. The ACO Participant and Preferred Provider Agreements with all providers are effective for the term of the APM-ACO agreement. Annually, each provider has the opportunity to exit program(s) or "non-renew" for the next year for financial or operational reasons. For example, if a hospital's financial situation does not allow it to bear risk, the hospital could non-renew for Medicare for 2021; this would be a decision made by the hospital Board annually. Participation by providers is voluntary and it is up to each organization to make the decision to stay in the programs. Provider organizations have provided feedback that it is imperative for providers to be able to control their risk and operations year over year.

III. Section 1. 18 V.S.A. § 9382 Oversight of Accountable Care Organizations (3)(A)-- The Green Mountain Care Board shall only approve an ACO's budget containing salary increases for ACO employees if the ACO has achieved its savings and quality targets for the preceding ACO budget year. The Board shall not approve an ACO's budget containing salary increases if the ACO has failed to achieve its savings or quality targets, or both, for the ACO budget year.
   - Strike: As I previously testified, OneCare cannot support making our workforce's salary increases contingent upon achieving shared savings and quality targets for the budget year. As noted in testimony, workforce is a challenge for many organization and we want to be able to recruit and retain talent, thus putting such restrictions on raises to those trying to

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facilitate the system transformation under Vermont's reform efforts is not conducive to workforce retention or recruitment. Additionally, the ACO goal in the model is predictability and stability for the system, rather than shared savings or losses. Therefore, savings or losses in one year is not indicative of success or failure. The goals of the ACO are in line with those in the APM agreement, which includes providing the payer system with a predictable budget that keeps the cost of health care inflation at a growth rate between 3.5-4.3% for the lives served under the model.

We understand that the GMCB proposed alternative language requiring the ACO to produce a policy that ties management's compensation to financial and quality measures. For all of the same aforementioned reasons, OneCare does that support it as alternative language. The ACO already submits to the GMCB a grid of salary pay bands the number of employees in each category. OneCare is currently preparing to submit an application for a 501c(s) designation which would make the top officers and top directors' salaries publically available on a 990 form.

IV. Section 3. Accountable Care Organizations; Two-Year Budget and Reporting Cycle; Report

- Alternative: We agree this should be explored. We would propose adding language that requires an annual review of the existing reporting requirements, which would require the GMCB to identify opportunities to align and streamline, rather than adding additional burden on the delivery system or hampering reform efforts. The outcome in the near term may be that the ACO(s) have to submit certain elements every year, but others could be on a two year cycle. We would also be supportive of language requiring an annual re-evaluation using a standardized framework to determine ongoing value to meet the APM goals. ACO regulatory efforts should be efficient, timely, and transparent to inform healthcare delivery system transformation efforts.

We appreciate the ability to provide feedback on your efforts to ensure that health care reform efforts are well coordinated, transparent, and accountable.

Sincerely,

Vicki Loner

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Chief Executive Officer

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