OneCare ACO and the All Payer Model
Thirteen Main Points
January 19, 2021

1. The for-profit OneCare ACO by design does nothing to improve access to care; the uninsured are not included in the ACO, nor does it improve coverage for the underinsured. Due to the pandemic and job loss, the percent of uninsured Vermonters has risen to 7%.[i]

2. The ACO was supposed to reduce costs. Instead, spending continues to rise even faster than established targets.[ii] The most recent results show OneCare having Medicaid cost overruns of $13.5 million (2019)[iii], accompanied by double digit growth in health insurance rates (2020).[iv] ACO cost overruns cause the cost of health care to grow ever larger, subsidized through higher premiums, co-pays, deductibles, and rising school budgets.

3. There is little evidence of improvement in quality of care. In some cases, ACO performance is worsening. In others, the measures are meaningless because the goal was previously met.[v]

4. For the period 2014-2019, OneCare's ACO cost overruns total $94 million, offset by $16 million in savings. (See table at end)

5. Does the ACO pay for itself? OneCare's administrative costs have exceeded $40 million over the last 3 years (2018-2020), with cumulative administrative costs projected to surpass $80 million over the course of the All Payer Model program - see below.[vi] OneCare is unable to provide a net benefit to the system because *administrative costs far outweigh savings*. NOTE: In 2020, the 3rd year of the 5-year All Payer Model Agreement, the ACO served a minority of Vermonters (223,000)[vii]. Are these administrative costs justified for so few Vermonters?

All Payer Model	**OneCare Administrative Costs**
2017	$9M
2018	$11.7M
2019	$15.4M
2020	$14.9M
2021	$16.1M (requested)
2022	$16.1M (est) ^
TOTAL	**$83.2M (est)^**

^ Estimates use the 2021 cost as a base but the actual amount may differ.

The money spent on OneCare's administrative costs could be used to reinstate essential health care services that have recently been eliminated,[viii] and to bolster efforts by the state's clinics for the uninsured.

6. The cost of ACO dues and administrative overhead often take away from essential health care services. One of Vermont's larger hospitals recently closed its Medication Assistance Treatment program serving 400 opioid dependent patients because the program was considered too expensive ($500,000).[ix] Yet this same hospital paid $1.2 million in membership dues to the ACO.[x] The money would have been better spent serving its opioid dependent patients.

7. The CEO of OneCare earns over $400,000 per year. The 2019 annual salaries of the top five OneCare administrators add up to nearly $1.5 million[xi] (most recent available data). Given Vermont's lack of primary care practitioners, this money could be used to hire more primary care physicians.

8. OneCare promised it would strengthen primary care. Yet, the ACO has reduced the guaranteed amount of upfront payments to primary care physicians for 2021 from $3.25 PMPM to $1.75 [xii]. VT's shortage of primary care physicians continues to worsen[xiii] and will be exacerbated by this new risk-bearing arrangement.

9. Although proponents continue to tout OneCare's success with prospective payment, "non fee-for-service spending currently comprises only 7% of Vermont's health care spend." (Quote from GMCB staff, Alena Berube, April 2020.)

10. To date, the Green Mountain Care Board has no reliable method for determining if the ACO effort is cost effective.[xiv]

11. A recent Auditor's report *The Growing Cost of Healthcare in Vermont: It's Time to Reel It In* concludes that Vermont could have saved roughly $1 Billion in 2018 if it tracked the U.S. growth rate in per capita health care spending. Additionally, the report deduces that hospital market consolidation inevitably leads to decreased competition and higher prices.[xv]

12. Although the ACO's prospective payments during the height of the COVID pandemic have been touted as averting hospital closures, the real savior was the millions of dollars in Federal and State COVID stabilization funds received by Vermont hospitals.[xvi]

13. The continued growth and high cost of health care is a major financial burden for many Vermonters. Between 2013 and 2020, Blue Cross/Blue Shield VT premiums increased an average of 65.6% compared to the rise in Vermont's median hourly wage of 18.6%.[xvii] Health care is increasingly unaffordable.

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OneCare ACO Financial Performance							
	Shared Savings Programs				All Payer Model		
	2014	**2015**	**2016**	**2017**	**2017**	**2018**	**2019**
Medicaid	Under Budget by $6.8M $3.4M Savings Earned	Over Budget by $1.3M No Savings Earned	Over Budget by $1.5M No Savings Earned		$2.4M in Savings	Over Budget by $1.5M	Over Budget by $13.5M
Medicare	Over Budget by $4.2M No Savings Earned	Over Budget by $26.9M No Savings Earned	Over Budget by $18.6M No Savings Earned	Over Budget by $4.5M No Savings Earned		$5.6M in Savings	$4.8M in Savings
Blue Cross/ Blue Shield (QHP)	Over Budget by $5.5M No Savings Earned	Over Budget by $3.8M No Savings Earned	Over Budget by $1.9M No Savings Earned	Not available		Over Budget by $1.5M	Over Budget by $6.5M
UVMMC Self-Insured	Began in 2018: Shared Savings Program (SSP) →	→	→	→	→	Over Budget by $2.9M (SSP)	?

Sources:
- DVHA data for Medicaid 2014-2019, and Blue Cross/Blue Shield (QHP) 2014-2016.
- CMS data for Medicare 2014-2017.
- GMCB data for Medicare 2018-2019, and Blue Cross/Blue Shield (QHP) 2018.
- Auditor of Accounts *Vermont's All-Payer Accountable Care Organization (ACO) Model* p.33 for 2018 UVMMC Self-Insured.
- Blue Cross/Blue Shield data for 2019.

[i] https://familiesusa.org/wp-content/uploads/2020/07/COV-254_Coverage-Loss_Report_7-17-20.pdf p. 7 (hard copy).

[ii] https://auditor.vermont.gov/sites/auditor/files/documents/ACO%20Model%20Final%20Report_0.pdf p. 22 (hard copy).

[iii] https://dvha.vermont.gov/sites/dvha/files/VMNG%202019%20Report%20FINAL%2010-12-2020.pdf p. 2 (hard copy).

[iv] http://gmcboard.vermont.gov/sites/gmcb/files/documents/GMCB%20Modifies%20and%20Approves%20Rate%20Requests%20for%202020%20VHC%20Plans_0.pdf

[v] https://auditor.vermont.gov/sites/auditor/files/documents/ACO%20Model%20Final%20Report_0.pdf p. 9 (hard copy).

[vi] http://gmcboard.vermont.gov/sites/gmcb/files/documents/OneCare%20FY21%20Budget%20Sumbission-post%20to%20web%2010-28-2020.zip REDACTED FY2021 ACO Budget Workbook 10-27-20, 6.2 Income Statement, Row 86 for 2017; and https://gmcboard.vermont.gov/sites/gmcb/files/documents/OCVT%20FY21%20GMCB%20Presentation_12.9.2020%20FINAL.pdf for 2018-2021. Slide 24.

[vii] http://gmcboard.vermont.gov/sites/gmcb/files/Board-Meetings/FY%202020%20ACO%20Revised%20Budget%20Presentation%20-%20updated%208.12.2020.pdf Slide 28.

[viii] Here is one example: https://www.reformer.com/stories/bmh-closes-pediatrics-office,606713

[ix] https://vtdigger.org/2020/07/08/northwestern-medical-center-cuts-addiction-recovery-program/

[x] https://gmcboard.vermont.gov/sites/gmcb/files/documents/payment-reform/OneCare%20Budget%20Order%20Deliverables%2006-19-2020.pdf p. 7.

[xi] https://gmcboard.vermont.gov/sites/gmcb/files/documents/payment-reform/OneCare%20Memo%20to%20GMCB%20on%202019%20Compensation%2006122020.pdf

[xii] https://www.burlingtonfreepress.com/story/money/2020/08/07/primary-care-docs-say-onecare-cutting-their-payments/5505686002/

[xiii] https://www.healthvermont.gov/sites/default/files/documents/pdf/HS-Stats-phys18-ppt-.pdf p. 32.

[xiv] https://auditor.vermont.gov/sites/auditor/files/documents/ACO%20Model%20Final%20Report_0.pdf p. 8 (hard copy).

[xv] https://auditor.vermont.gov/sites/auditor/files/documents/Health%20Care%20Expenditures%20final%208-15-20.pdf

[xvi] https://gmcboard.vermont.gov/sites/gmcb/files/documents/FY21%20Northwestern%20Medical%20Center%20Budget%20Order%20and%20Cover%20Letter.pdf p. 5-6 (hard copy).

[xvii] https://auditor.vermont.gov/sites/auditor/files/documents/Health Care Affordability Memo Final.pdf Figure 2.