CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

Case STUDY

Value Based Care
Learning System

OneCare Vermont's Comprehensive Payment Reform Program for Independent Primary Care Practices

This case study describes OneCare Vermont's Comprehensive Payment Reform (CPR) program, an initiative to redesign how independent primary care practices are paid in order to grant greater flexibility to treat patients' holistic health care needs. Practices that participate in this voluntary program receive monthly fixed payments, instead of fee-for-service payments, to cover the cost of primary care services for patients attributed to the OneCare Vermont accountable care organization (ACO). The CPR program began as a pilot with 3 practices in 2018 and grew to include 11 practices as of July 2021, which account for over 60 percent of spending by independent primary care practices in the ACO. OneCare Vermont's experience may be useful for health care organizations implementing fixed payment programs for primary care providers.

BACKGROUND

OneCare Vermont became a Medicare accountable care organization (ACO) in 2013. Its mission is to partner with local health care providers to transform Vermont's health care system to one that focuses on health goals by providing actionable data and innovative payments that foster better health outcomes for all.

The ACO began in Track 1 of the Medicare Shared Savings Program and later joined the Modified Next Generation ACO Model as part of the Vermont All-Payer ACO Model. The Vermont All-Payer Model supports the development of a unified, statewide approach to health care reform by encouraging collaboration among Medicare, Medicaid, and commercial payers.[1] This two-sided risk model aligns incentives to achieve three population health goals: (1) increase beneficiaries' access to primary care, (2) reduce the prevalence of chronic disease in the population, and (3) reduce deaths by suicide and drug overdose. The Green Mountain Care Board[2] oversees the Vermont All-Payer Model in partnership with the Vermont Agency of Human Services and the CMS Innovation Center.

As of July 2021, OneCare serves more than 250,000 beneficiaries covered by Medicare, Medicaid, or commercial insurance. The ACO's network includes 14 hospitals that each have a specific health service catchment area, as well as 127 primary care practices, 276 specialty care practices, 9 federally qualified health centers, 27 skilled nursing facilities, 10 home health agencies, 11 mental health and substance abuse agencies, and 5 Area Agencies on Aging across the state.

OneCare Vermont's payment reform programs

In its strategic plan, OneCare Vermont identifies payment reform as a core capability for achieving its mission. OneCare believes that changing how providers are paid can empower them to deliver care that meets patients' holistic care needs, which will ultimately improve outcomes and patient and provider experience, while reducing the overall cost of care. OneCare's payment reform programs prioritize investments in primary care, acknowledging that if primary care practices can deliver coordinated and comprehensive care, they may improve patient outcomes and also reduce the need for more expensive services, such as hospitalizations.

Building on the ACO model, OneCare operates multiple financial incentive programs[3] directly with providers to encourage changes in care delivery. Some programs tie additional funding to cost and quality outcomes, such as the shared savings that hospitals and primary care providers are eligible to receive based on the ACO's overall performance. Other programs provide supplemental funding to invest in primary care, such as the community care coordination program,[4] which pays providers for care management activities beyond what practices could typically be reimbursed for through fee-for-service (FFS) billing. OneCare also operates programs to transition some providers to value-based payment and away from FFS reimbursement, such as capitation programs for hospitals and the Comprehensive Payment Reform (CPR) program for some primary care providers.

LAUNCHING THE COMPREHENSIVE PAYMENT REFORM PROGRAM

In 2018, OneCare expanded its payment reform efforts by launching the CPR program for independent primary care providers. With the CPR, OneCare uses fixed monthly payments to encourage primary care providers to deliver care that effectively and efficiently meets patients' health care needs. The ACO anticipated that a fixed payment would enable primary care providers to more readily consider strategies to address both clinical and nonclinical needs, which may not always be billable services under insurance coverage. By empowering primary care practices to take a more comprehensive approach to patient care, OneCare expects that this payment reform program will ultimately improve patient experience and outcomes.

> ***"The idea of the Comprehensive Payment Reform program is to put providers in the driver's seat. They're the experts, and they know how to care for their patients. This model aims free them up from the constraints of fee-for-service and enable them to focus more on achieving optimal health for their patients."***
>
> —Tom Borys, Vice President of Finance, OneCare Vermont

The idea of the CPR program emerged when OneCare administrators saw an opportunity to establish a payment program for independent primary care practices that built on the successes of their hospital capitation program. The ACO had begun with a capitation approach for hospitals because inpatient spending accounted for the largest portion of overall costs and therefore presented the greatest opportunity to influence care delivery patterns. Soon after launching the hospital capitation program, OneCare began designing a similar program for independent primary care practices. Tom Borys, Vice President of Finance for OneCare Vermont, leads the strategic design and operations of the CPR program, with support from the OneCare finance team, including staff with expertise in accounting and payment reform.

OneCare initially convened three practices to participate in the design, implementation, and evaluation of the CPR program through a pilot test. The participating practices consisted of a large provider group that comprised independent practices with a shared administrative infrastructure, a mid-sized practice of five physicians, and a solo physician practice. These practices volunteered to participate, and each brought previous experience with implementing payment reform programs, as well as a commitment to providing feedback through iterations of the program design and launch.

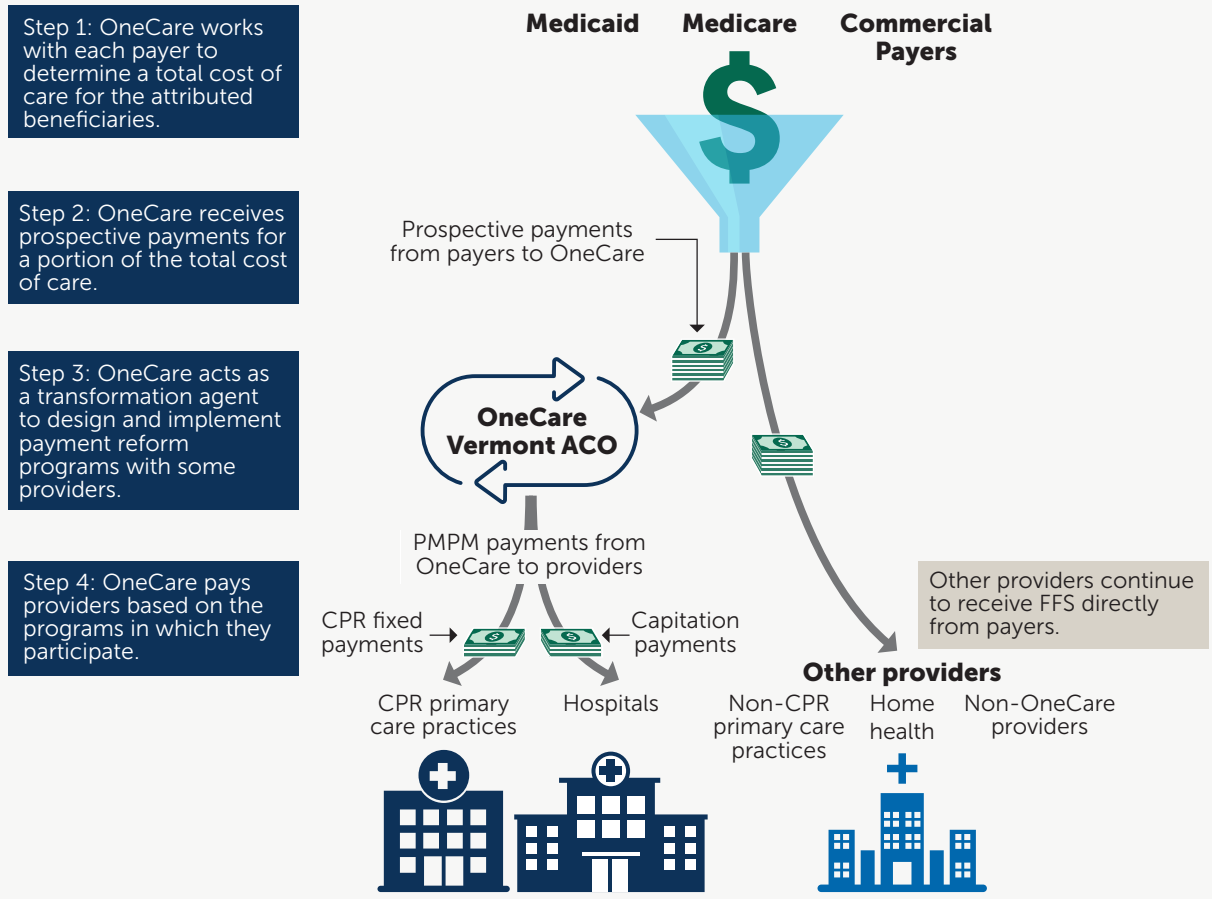
OneCare collaborated with these practices throughout the pilot test to demonstrate its commitment to stakeholder engagement and to identify features for the program that meet the interests and needs of primary care practices. The ACO first convened the three practices during the design phase to proactively solicit input on the program goal and payment methodology decisions. Throughout the first year of implementation, OneCare transparently shared financial results with these practices during monthly meetings and invited discussion on the practices' experience with the program. OneCare used insight from these monthly meetings and ad hoc conversations to adjust the program design.

OPERATING THE CPR PROGRAM

Through the All-Payer Model, OneCare collaborated with administrators from Medicare, Medicaid, and commercial carriers to receive a portion of their total cost of care in prospective payments directly to the ACO. As shown in Figure 1, OneCare receives some prospective funds from the payers, which allows the ACO to act as a transformation agent to implement provider-specific payment reform programs, such as hospital capitation and the CPR program. Providers who are in OneCare's network but do not participate in value-based payment programs—such as primary care practices that have not opted into the CPR program, home health, federally qualified health centers—continue to receive FFS payment directly from payers. Over time, OneCare envisions that most primary care providers in their network will shift from FFS to value-based payment arrangements.

Figure 1

Vermont All-Payer Financial Model



Prospective payments to the ACO

OneCare establishes prospective payments with each payer using a generally consistent approach, though the details of the contracts vary to reflect the specific attributes of Medicare, Medicaid, and the commercial coverage. Each payer calculates a total cost of care target for the beneficiaries attributed to OneCare and the services for which the ACO has financial accountability. Payers then calculate per member, per month (PMPM) prospective payments for a portion of that total cost, specifically, to account for the services delivered by hospitals in the OneCare network and by the independent primary care practices in the CPR program. Payers determine the prospective payment amount using relevant historical FFS claims. For example, the CMS Innovation Center uses the all-inclusive population-based payment methodology[5] for FFS Medicare beneficiaries attributed to OneCare's ACO. As of June 2021, the prospective payments represent about half of ACO beneficiaries' total health spending; the remainder of the ACO's spending is paid via FFS from payers to providers.

Fixed payments for primary care practices

Using the prospective funding, OneCare calculates and distributes fixed payments to primary care practices that participate in the CPR program. The ACO's payment reform team first sets a network-wide base PMPM payment rate for primary care. OneCare starts with a consistent base payment to eliminate variation in costs across primary care practices that is not due to clinical factors. The team aims for a rate that is high enough to incentivize a preponderance of practices to participate in the program, while also ensuring that the program is financially sustainable for the ACO. Next, OneCare determines practice-specific payments by adjusting the base payment for the patient population's risk factors and specific service lines, such as imaging and dermatology. The text box below provides

Calculating practice-specific CPR payments

- **Step 1 – Calculate base payment rates.** OneCare first sets base PMPM rates for primary care services for adults and children.
  - » Base payments include funding for services that the ACO determines to be "core codes," such as standard office visits and routine evaluation and management codes.
  - » The base PMPM rate is higher for children, given that they tend to have higher primary care spending than adults.
- **Step 2 – Adjust payments in accordance with patient characteristics.** OneCare adjusts the base payment to reflect the individual practice's patient panel.
  - » For the adult population, OneCare applies a risk adjustment factor to ensure higher compensation for patients with more complex primary care needs.
  - » For the pediatric population, OneCare adjusts the base payment using an age and gender matrix, which it found captures variation for children more accurately than does risk adjustment.
- **Step 3 – Adjust for practice-specific service lines.** OneCare adjusts the base payment to reflect practice-specific service lines, such as imaging or dermatology.
  - » OneCare analyzes historical spending for these services to determine the appropriate amount to add to the practices' fixed payment.

additional detail on the steps for calculating practice-specific PMPM payments.

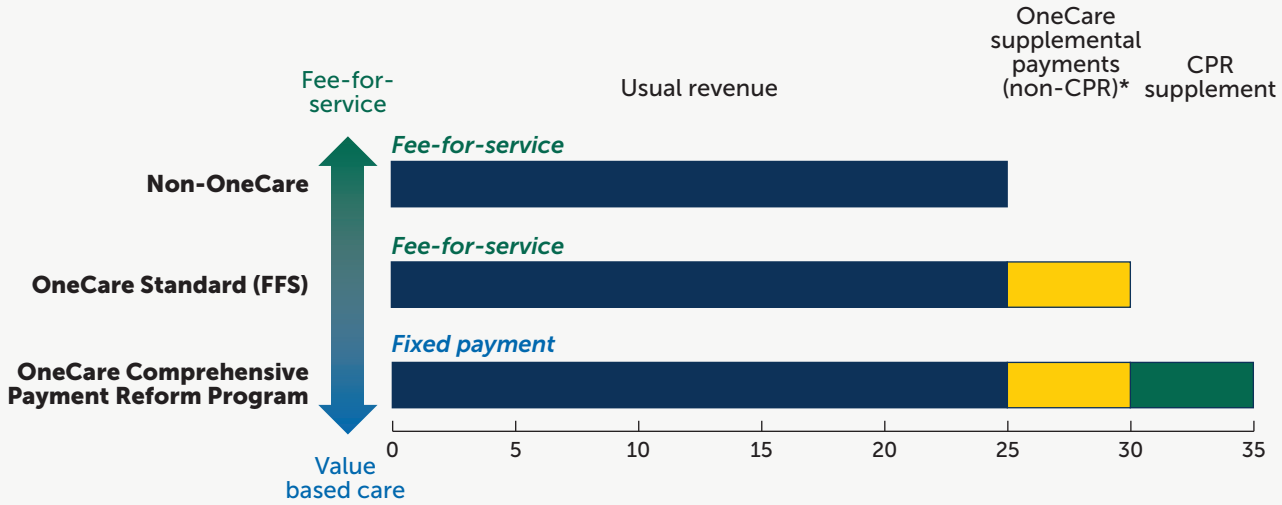
OneCare also includes a $5 PMPM supplement in the CPR fixed payment to incentivize participation in the program and enhance the ACO's investment in primary care. This supplemental payment ensures that most practices receive more revenue through the CPR program than through conventional FFS (as shown in Figure 2), which OneCare found to be a key driver in recruiting practices into the program. Some practices initially use the supplemental payment to support the necessary administrative changes required to transition to fixed payments, though OneCare envisions that practices will use this funding to make changes that improve care delivery and patient outcomes, such as adding additional providers or service lines.

Submitting claims under the CPR program

Practices must adjust revenue cycle processes to participate in the CPR program. Although they no longer receive FFS reimbursement, CPR practices continue to submit claims for services provided to OneCare patients. Payers review these claims to determine whether the practice participates in the CPR program and they process relevant claims as "zero pay." Practices must ensure that their revenue systems recognize these zero pay claims as processed and paid so that patients do not receive a bill for services covered under the CPR payments. OneCare shares general guidance to practices on how to transition administrative systems to address the CPR program processes, but each practice takes an individualized approach based on their electronic health record and other applicable technology platforms.

Figure 2

Payment to primary care practices: CPR program vs. conventional FFS



*OneCare supplemental payments may include, but are not limited to, the community care coordination program.

Analytics to support financial management

OneCare creates reports for practices to transparently compare payment via the CPR program versus FFS payment. The ACO's finance team produces periodic reports (similar to the one shown in Table 1) for practice managers, physician-owners, and others involved in practice operations. These reports show the amount the practice received through the CPR program to date compared with the total reimbursement that would have accrued in an FFS payment system. In most cases, the practice receives more revenue by participating in the CPR program; these reports often show a clear financial incentive to participate. In addition, OneCare creates a second report (similar to the one shown in Table 2) that shows monthly cash flow under the CPR program compared to standard FFS. This report highlights how predictable payments allow practices to be paid more quickly and more consistently compared to a FFS approach.

Table 1

Practice-level report: CPR program revenue year-to-date compared to standard FFS and non-OneCare

Year-to-Date Performance	Practice A	Practice B	Practice C	Practice D	Practice E	Practice F	Practice G
Actual CPR PMPM	$34.90	$51.79	$38.73	$42.00	$36.47	$43.35	$42.25
Actual Standard OneCare PMPM	$32.87	$51.41	$25.83	$36.50	$32.70	$39.08	$33.32
Over (Under) Standard OneCare PMPM	**$2.03**	**$0.38**	**$12.89**	**$5.49**	**$3.77**	**$4.27**	**$8.94**
Actual Non-OneCare Vermont PMPM	$27.49	$45.91	$20.44	$31.17	$27.32	$33.96	$28.08
Over (Under) Non-OneCare Vermont PMPM	**$7.41**	**$5.88**	**$18.29**	**$10.83**	**$9.15**	**$9.39**	**$14.17**

Notes: "Actual CPR PMPM" includes the CPR payments, any payer-paid FFS, and patient-share components. This is meant to incorporate all funding related to the care of the OneCare Vermont patients.

"Actual Standard OneCare PMPM" replicates revenue that would have been received if the patient share was in the OneCare Vermont network but not in the CPR program. This includes the FFS value of all services to the OneCare Vermont lives, the patient safe, and some practice-wide programs to supplement primary care.

"Actual Non-OneCare Vermont PMPM" replicates the revenue that would have been received if the practice was not in the OneCare Vermont network, consisting of the FFS value of all services to OneCare Vermont lives and the patient share.

Table 2

Practice-level report: CPR program revenue by month, compared to standard FFS and non-OneCare

Practice A	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
CPR Payments	$28,900	$28,348	$28,028	$27,446	$27,184	$26,981	$26,572	$26,399	$26,166	$25,582	$25,175	$25,001	**$321,783**
Payer A FFS Equivalent	$10,407	$8,798	$12,264	$9,626	$9,371	$8,606	$9,178	$6,168	$8,256	$9,723	$7,287	$7,625	$107,309
Payer B FFS Equivalent	$5,397	$6,982	$11,481	$10,885	$12,626	$10,701	$10,412	$7,590	$9,574	$13,331	$11,892	$9,779	$120,651
OCV $3.25 PMPM	$3,227	$3,166	$3,130	$3,065	$3,036	$3,013	$2,967	$2,948	$2,922	$2,857	$2,811	$2,792	$35,932
CCC Level 2	$2,112	$2,086	$2,054	$2,012	$1,984	$1,973	$1,940	$1,925	$1,906	$1,887	$1,854	$1,839	$23,572
Non-CPR Equivalent	$21,144	$21,032	$28,928	$25,587	$27,016	$24,294	$24,497	$18,631	$22,658	$27,797	$23,844	$22,036	**$287,464**
Net Cash Advance	$7,756	$7,316	$(900)	$1,859	$168	$2,687	$2,075	$7,768	$3,508	$(2,215)	$1,332	$2,965	**$34,319**

Notes: OCV = OneCare Vermont; CCC = Community Care Coordination program

Expanding the CPR program

Following the initial pilot, OneCare developed an individualized approach to recruiting and supporting practices in the CPR. With a goal to eventually transition all primary care practices to a value-based payment arrangement, the finance team works individually with practices to assess their interest in the program and to address concerns. Once practices opt into the CPR program, OneCare provides financial management reports and maintains open communication channels between practice leaders and the OneCare finance team to ensure that practices feel supported.

OneCare continues to invite additional independent primary care practices to participate in this optional program. Tom Borys leads communication with these practices, discussing both the CPR program and other OneCare investment and payment reform programs. When recruiting practices, Mr. Borys first describes how practices will benefit financially, emphasizing both the predictability of payments and potential for increased overall funding. He also describes how paying for care differently can enable positive changes in care delivery, noting that with fixed payments the practices have more flexibility to deliver care that best meets patients' needs.

> *"The CPR program is not really about trying to contain primary care costs; it's about helping pay for care differently to help providers deliver health care differently."*
>
> —Tom Borys, Vice President of Finance, OneCare Vermont

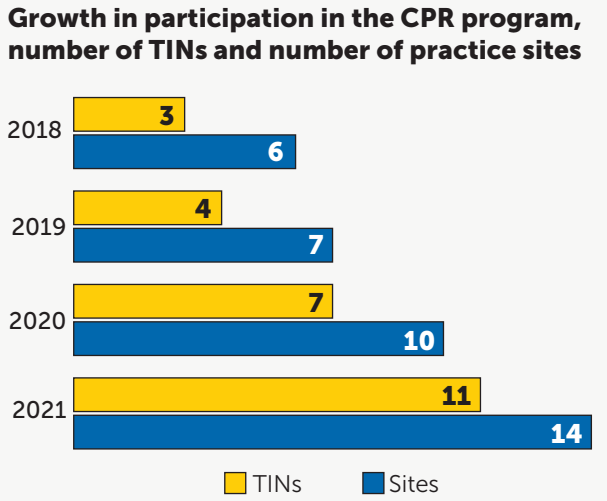
RESULTS

OneCare considers the expansion of this program to date to be an indicator of early success. Given that the program is voluntary, OneCare sees the steady expansion as feedback that the program is working well for participants. As shown in Figure 3, participation in the program grew from 3 pilot practices (practices are identified at the tax identification number (TIN) level), consisting of 6 practice sites, in 2018 to 11 practices, consisting of 14 practice sites, in 2021. Recent growth has been through the addition of pediatric practices and reflects a deliberate effort to support providers who are caring for the significant number of children attributed to OneCare. The participating practices now account for over 60 percent of spending independent primary care in the OneCare network.

Practices have shared positive feedback on the CPR program, noting especially the benefits of financial stability and increased revenue. OneCare's analysis to date shows that most participants in the program are receiving more funding than they would under the FFS model, which they consider an indicator that the program is successfully investing in primary care. Practices have

Figure 3

Growth in CPR program participation, 2018–2021



appreciated the stability of monthly payments, especially during periods of low service volumes, such as the statewide lockdowns due to the COVID-19 public health emergency in early 2020. The fixed payments enabled practices to stay financially viable and to continue caring for patients in nontraditional ways, such as through virtual visits. Jon Asselin, Chief Operating Officer of Primary Care Health Partner, a practice that participates in the program, noted the CPR's role in sustaining and expanding delivery of primary care services, "This program has provided relief to the challenges facing our independent primary care practices since its formation in 2018. Of special note is how the fixed payments limited our revenue losses during the COVID-19 public health emergency."

Over time, OneCare envisions that the CPR program's consistent payments will enable changes in care delivery that lead to both better health outcomes for patients and more sustainable financial growth for the ACO. They have begun to see some early signs of practice-level changes consistent with this goal. For example, one practice is using the supplemental payments to add a behavioral health care practitioner at their clinic for a few days a week.[6] The ACO expects that these structural changes will lead to patient-centered outcomes like more timely treatment of behavioral health care needs and improvements in behavioral health care-related conditions.

> *"The CPR program's fixed payments helped provide a safety net during the extraordinarily difficult times of the COVID-19 public health emergency."*
>
> —Jon Asselin, Chief Operating Officer of Primary Care Health Partners

LESSONS LEARNED

OneCare reflected on the importance of establishing a payment methodology that balances consistency across practices with flexibility for practice-specific circumstances, which they do by starting with network-wide base payment and then adjusting for patient characteristics and practice-specific services. The ACO sought to create a relatively simple methodology, which eases communication with practices, that also reflects the largest clinical drivers of differences in practices' costs. OneCare leveraged the finance team's expertise in data analytics and Mr. Borys' professional judgment to establish what the ACO believes to be a fair base payment, and then identified two key adjustments to reflect the needs of the patient population and the practice's service lines.

OneCare emphasized the importance of maintaining open communication channels with practices to quickly respond to the questions that arise during implementation. As they expanded implementation to more practices, they found that the volume and diversity of practice-specific concerns also grew. Recognizing the complexities of scaling the program, Mr. Borys and the finance team built relationships with key staff at each practice to create a welcoming atmosphere to raise questions or challenges. Practice staff, feeling comfortable engaging with OneCare, now proactively inquire about the financial impact of a changing patient panel or adding providers or service lines to a practice. The insights that OneCare gleans from open communication with practices helps the team to continuously identify opportunities to improve the program.

> *"Any program we build needs to be mindful of the way health care is constantly changing and evolving; every year I'm looking to improve this program and build upon what we've learned."*
>
> —Tom Borys, Vice President of Finance, OneCare Vermont

NEXT STEPS

OneCare will expand the CPR program to additional practices, consistent with its goal to continue transitioning providers in its network to value-based payment arrangements to ultimately improve patient experience, outcomes, and a sustainable rate of cost growth. OneCare is also considering how to adjust the program to more explicitly incentivize primary care practices to add additional services such as behavioral health, given that robust services within the primary care setting may be a promising strategy for improving patient outcomes. Additionally, OneCare aims to apply what it has learned from this program to develop new payment reform initiatives for other provider types, such as federally qualified health centers.

ENDNOTES

[1]For more information on Vermont's All-Payer ACO Model, visit https://innovation.cms.gov/innovation-models/vermont-all-payer-aco-model.

[2]For more information on the Green Mountain Care Board, visit https://gmcboard.vermont.gov/.

[3]For more information on OneCareVermont's payment reform strategy and programs visit https://www.onecarevt.org/payment-reform/.

[4]For more information on OneCare Vermont's community care coordination program, see the case study: https://innovation.cms.gov/media/document/aco-casestudy-onecarevermont.

[5]For more information on the all-inclusive population-based payment methodology review the Medicare Learning Network Matters article SE17011.

[6] For more information on how one practice, Thomas Chittenden Health Center, is using CPR payments to invest in new providers, see this case study from the Commonwealth Fund: https://www.commonwealthfund.org/sites/default/files/2020-08/Hostetter_Independent_Practices_cs.pdf.

About the Value Based Care Learning System project
This case study was prepared on behalf of the CMS Innovation Center by Natalie Graves of Mathematica under the Value Based Care Learning System contract (75FCMC19D0091/75FCMC20F0004). CMS released this case study in August 2021. We are grateful to Tom Borys of OneCare Vermont ACO for participating in this case study.

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