
December 28, 2022

Performance Audit
Recommendations and
Corrective Actions for Audit:
21-05

**ALL-PAYER ACO MODEL
IMPLEMENTATION COSTS:**

Department of Vermont Health
Access Provided Substantial
Funding for OneCare's Operating
Costs (Which Have Exceeded
Reported Savings) But Has No
Assurance that OneCare Used All
Funds for Their Intended Purposes

Dated: June 18, 2021

Overview

The State Auditor's Office (SAO) makes recommendations designed to improve the operations of state government. For our work to produce benefits, auditees or the General Assembly must implement these recommendations, although we cannot require them to do so. Nevertheless, a measure of the quality and persuasiveness of our performance audits is the extent to which these recommendations are accepted and acted upon. The greater the number of recommendations that are implemented, the more benefit will be derived from our audit work.

In 2010, the SAO began to follow-up on the recommendations issued in our performance audits. Experience has shown that it takes time for some recommendations to be implemented. For this reason, we perform our follow-up activities one and three years after the calendar year in which the audit report is issued. Our annual performance reports summarize whether we are meeting our recommendation implementation targets.

<http://auditor.vermont.gov/about-us/strategic-plans-and-performance-reports>

This report addresses the requirements of Act 155 (2012) to post the results of our recommendation follow-up work on our website. The report does not include follow-up on recommendations issued as part of the state's financial statement audit and the federally mandated Single Audit, which are performed by a contractor. However, our current contract for this work requires the contractor to provide the results of its recommendation follow-up.

Rec #	Recommendation	Follow-Up Date	Status	Review Comments
1	Add financial reporting requirements in the Medicaid contract with OneCare for the ACO to provide detailed financial reporting on how the ACO used funds provided by DVHA for information technology programs.	2022	Fully Implemented	The last year DVHA funded OneCare's information technology programs was in 2021. Since then DVHA has discontinued providing Medicaid funding to support the ACO's operating costs. There are no provisions in the current Medicaid Waiver Agreement with the federal government, which ends December 31, 2027, to allow for such expenses. DVHA also contractually required OneCare to submit an actual expenditures report on how the ACO spent the information technology funds they received under the 2021 contract.
		2024		No further follow-up is required because the recommendation was implemented.
2	Add financial reporting requirements in the Medicaid contract with OneCare for the ACO to provide detailed financial reporting on how the ACO used funds provided by DVHA for population health investments.	2022	Fully Implemented	As previously stated, DVHA no longer issues Medicaid payments to OneCare to fund the ACO's operating costs. DVHA's 2022 contract with OneCare stipulates that any payments made to the ACO for population health investments must be distributed to the ACO's network of providers. The contract also requires quarterly reporting on those distributions and requires OneCare to return any undistributed funds to DVHA.
		2024		No further follow-up is required because the recommendation was implemented.