

**Congressional Health Care Caucus  
Policy Forum  
Understanding Accountable Care  
Organizations**

**February 8, 2011  
Chet Speed  
American Medical Group  
Association**



# Presentation Outline

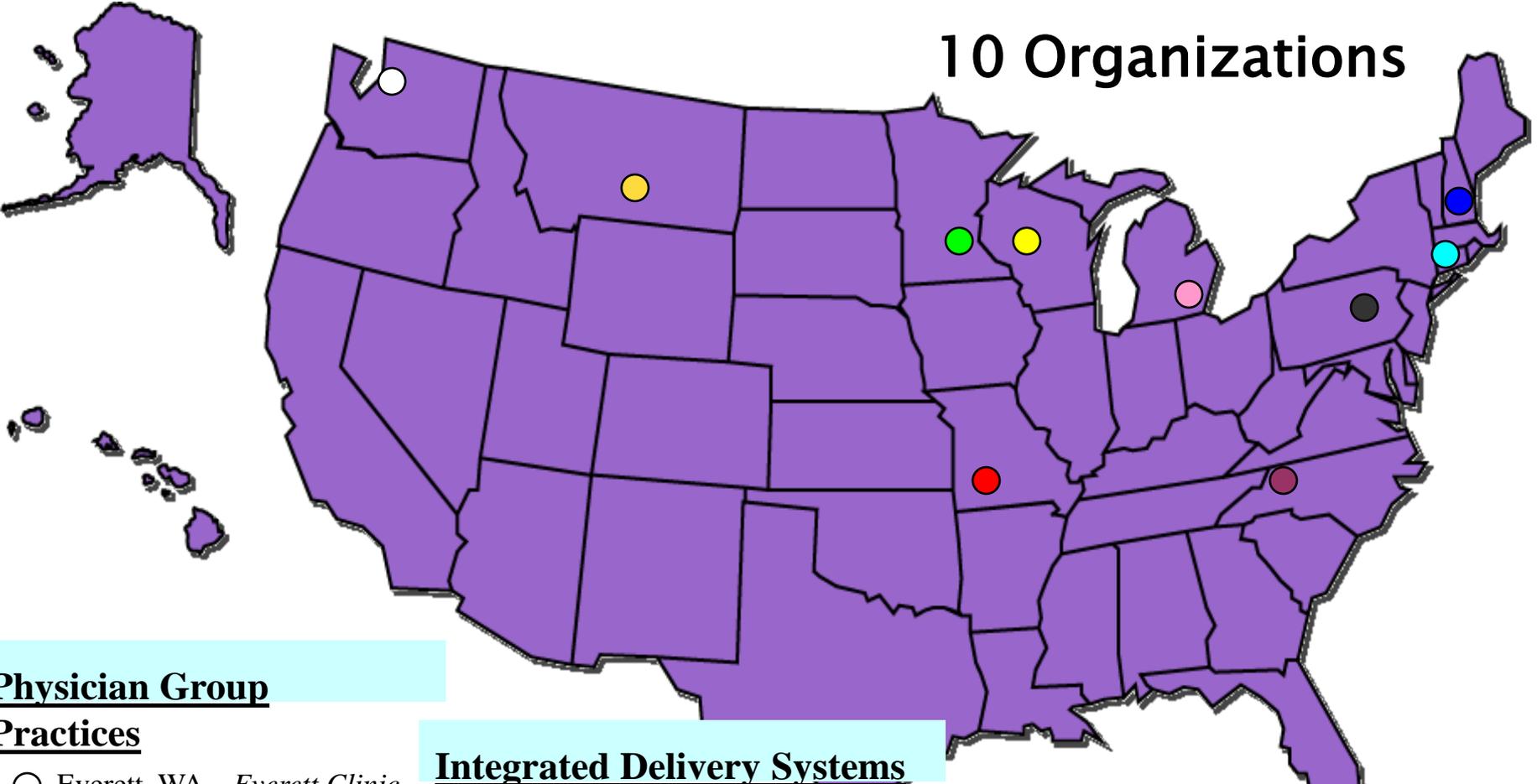
- ▶ ACO History
- ▶ What is an ACO?
- ▶ Issues in Play
- ▶ Why?
- ▶ Strategic Thinking/Lessons Learned



# ACO History

- ▶ Discussion at MedPAC – 11 / 06
    - How to control costs in a fragmented/unorganized delivery system
  - ▶ Scholarly Journal Articles
  - ▶ CMS Physician Group Practice Demonstration
    - Blueprint to an ACO
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# 10 Organizations



## Physician Group

## Practices

- Everett, WA – *Everett Clinic*
- Marshfield, WI – *Marshfield Clinic*

## Integrated Delivery Systems

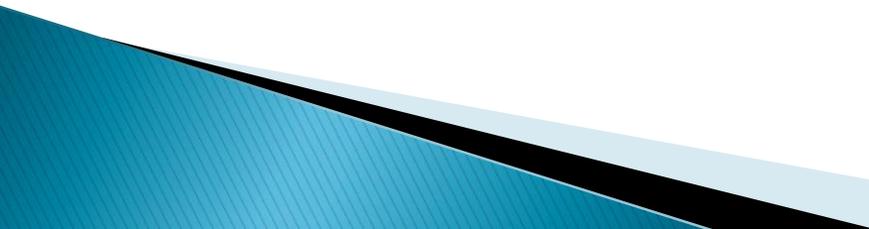
- Springfield, MO – *St Johns*
- Danville, PA-*Geisinger*
- Billings, MT-*Billings Clinic*
- St. Louis Park, MN – *Park Nicollet*
- Winston-Salem, NC-*Novant-Forsyth*

## Academic & Network Org.

- Middlesex, CT – *Integrated Resources for Middlesex Area (IRMA)*
- Ann Arbor, MI - *University of Michigan*
- Bedford, NH-*Dartmouth Hitchcock*

# ACO History

## ➤ Physician Group Practice Demonstration

- 5 year project – ended April 1, 2010
  - Encourage coordination between Medicare Part A + B
  - Decrease cost/Improve Quality
  - 32 Quality Improvement Metrics
  - Must achieve  $>2\%$  points in total cost savings compared to local trend line
  - Savings shared annually between CMS and providers based on quality/cost performance
- 

# ACO History

## PGP Demo Quality Metrics

Diabetes Mellitus	Congestive Heart Failure	Coronary Artery Disease	Hypertension & Cancer Screening
<i>HbA1c Management</i>	LVEF Assessment	Antiplatelet Therapy	Blood Pressure Screening
HbA1c Control	<i>LVEF Testing</i>	Drug Therapy for Lowering LDL Cholesterol	Blood Pressure Control
Blood Pressure Management	Weight Measurement	Blood Pressure	Blood Pressure Plan of Care
<i>Lipid Measurement</i>	Blood Pressure Screening	<i>Lipid Profile</i>	<i>Breast Cancer Screening</i>
LDL Cholesterol Level	Patient Education	LDL Cholesterol Level	Colorectal Cancer Screening
<i>Urine Protein Testing</i>	Beta-Blocker Therapy	Ace Inhibitor Therapy	
<i>Eye Exam</i>	Ace Inhibitor Therapy		
Foot Exam	Warfarin Therapy		
Influenza Vaccination	Influenza Vaccination		
Pneumonia Vaccination	Pneumonia Vaccination		

# ACO History

- ▶ Included as Section 3022 of the PPACA

**SEC. 3022. MEDICARE SHARED SAVINGS PROGRAM.**

Title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) is amended by adding at the end the following new section:

“SHARED SAVINGS PROGRAM

“SEC. 1899. (a) ESTABLISHMENT.—

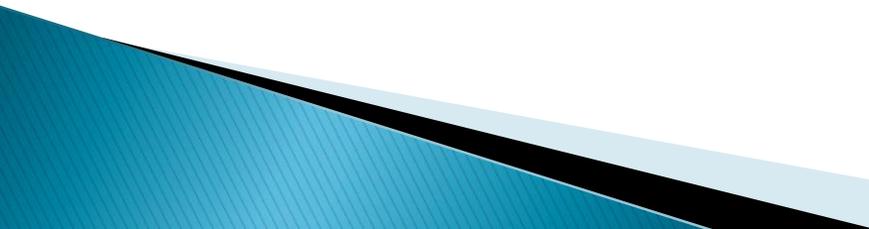
“(1) IN GENERAL.—Not later than January 1, 2012, the Secretary shall establish a shared savings program (in this section referred to as the ‘program’) that promotes accountability for a patient population and coordinates items and services under parts A and B, and encourages investment in infrastructure and redesigned care processes for high quality and efficient service delivery. Under such program—

# ACO History

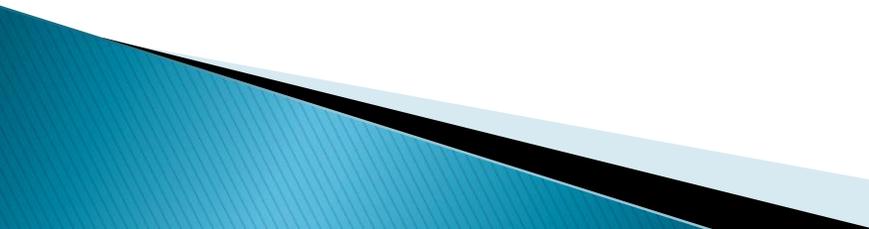
- ▶ Considered by many Policymakers to be one of the signature Delivery System Reform Pieces.



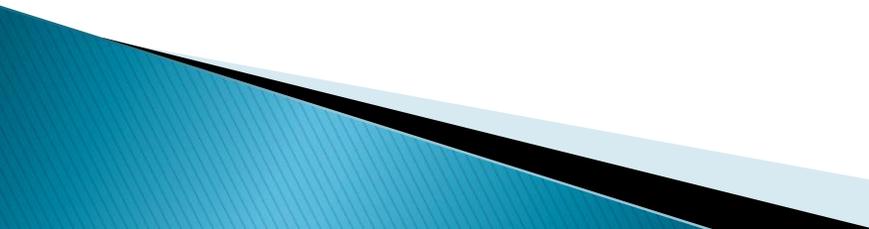
# What is An ACO?

- ▶ Statute Says...
    - The Secretary Shall Establish...
    - Start Date: January 1, 2012
    - Coordinates Care Between Parts A + B
    - Accountable for a population (>5000 Beneficiaries)
- 

# What Is An ACO?

- ▶ ACOs may be...
    - Medical Groups
    - IPAs
    - Hospitals JV with Physicians
    - Hospitals employing Physicians
    - Anyone Else... Catch all
- 

# What Is An ACO?

- ▶ Accountable for quality/cost and overall care for assigned beneficiaries
  - ▶ Formal legal structure that allows for receiving/distributing payments
  - ▶ Sufficient primary care capacity to manage 5,000 Medicare beneficiaries
  - ▶ Leadership and management structure that includes clinical and administrative systems
  - ▶ 3 year Term
- 

# What Is An ACO?

- ▶ Processes that:
  - Promote evidence-based medicine
  - Report quality and cost Measures
  - Coordinate care
    - EMRs, registries, (HIT) and care transitions
  - Promote patient centeredness
    - Patient assessments

# What is an ACO?



## ▶ Payment

- Shared Savings
  - If ACO Meets Quality Metrics
  - If ACO Meets Cost Benchmark/Threshold

# What is an ACO



- ▶ Payment, con't...

- Partial Capitation

- ACO at risk for some, but not all of Part A and Part B services

# Issues in Play

- ▶ Rule Making
  - Regulatory Perspective; CMS has little more than 12 months... Stark took over a Decade
- ▶ Unresolved Issues – Just a Sample
  - Patient Attribution
  - Which Quality Measures
  - Savings Percentage
  - Threshold
  - Partial Capitation Issues
  - Feedback
  - Resources

# What is An ACO?

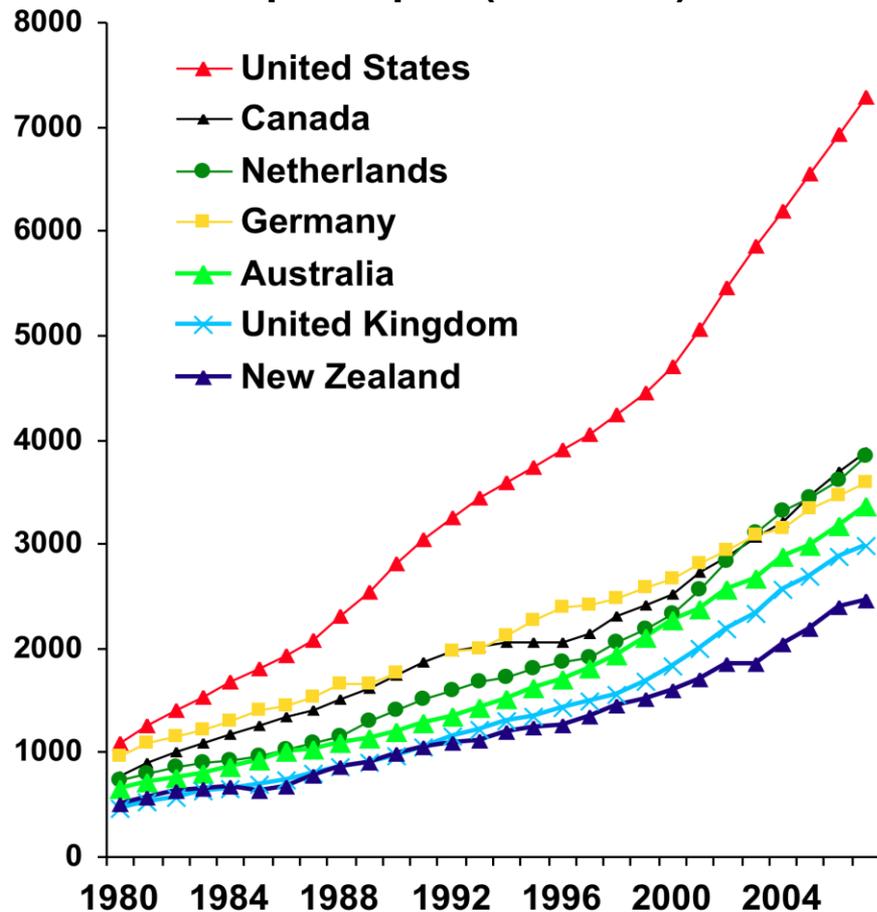
- ▶ Medical Group led
- ▶ IDS led
- ▶ Hospital led
- ▶ Payor led
- ▶ None of the above

ACO Operating Model

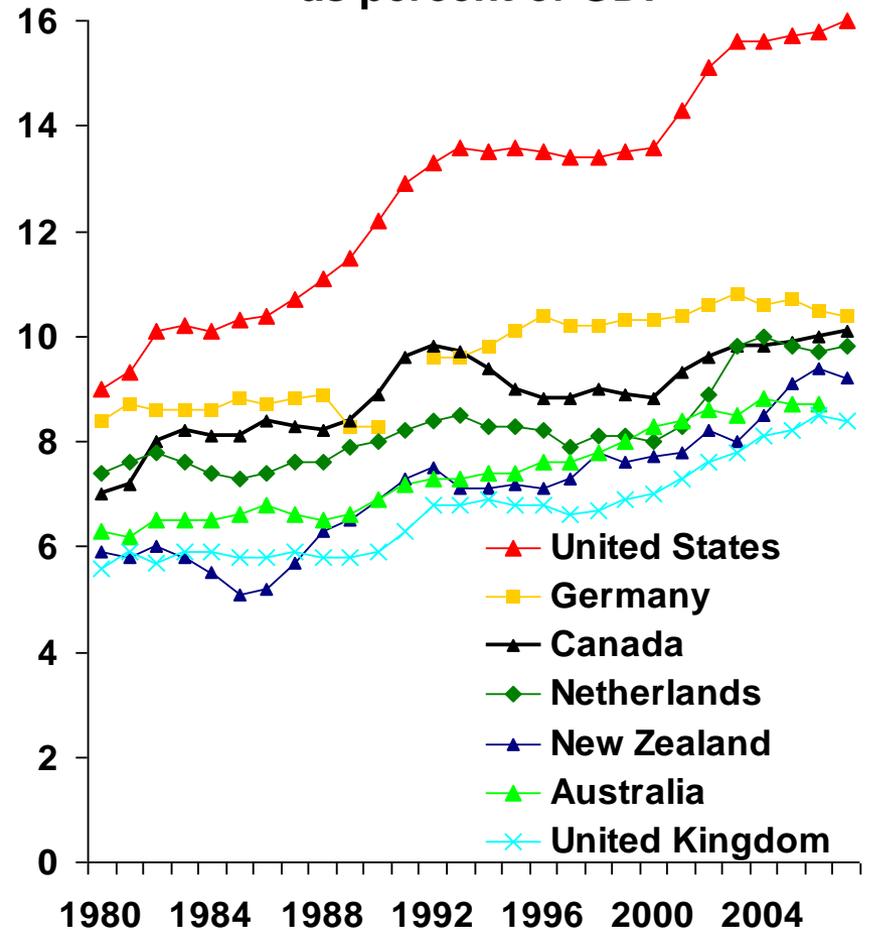


# Why?

### Average spending on health per capita (\$US PPP)



### Total expenditures on health as percent of GDP



Note: \$US PPP = purchasing power parity.

Source: Organization for Economic Cooperation and Development, *OECD Health Data, 2009* (Paris: OECD, Nov. 2009).

Country Rankings	
	1.00–2.33
	2.34–4.66
	4.67–7.00

# Why?



AUS



CAN



GER



NETH



NZ



UK



US

OVERALL RANKING (2010)	3	6	4	1	5	2	7
Quality Care	4	7	5	2	1	3	6
Effective Care	2	7	6	3	5	1	4
Safe Care	6	5	3	1	4	2	7
Coordinated Care	4	5	7	2	1	3	6
Patient-Centered Care	2	5	3	6	1	7	4
Access	6.5	5	3	1	4	2	6.5
Cost-Related Problem	6	3.5	3.5	2	5	1	7
Timeliness of Care	6	7	2	1	3	4	5
Efficiency	2	6	5	3	4	1	7
Equity	4	5	3	1	6	2	7
Long, Healthy, Productive Lives	1	2	3	4	5	6	7
Health Expenditures/Capita, 2007	\$3,357	\$3,895	\$3,588	\$3,837*	\$2,454	\$2,992	\$7,290

Note: \* Estimate. Expenditures shown in \$US PPP (purchasing power parity).

Source: Calculated by The Commonwealth Fund based on 2007 International Health Policy Survey; 2008 International Health Policy Survey of Sicker Adults; 2009 International Health Policy Survey of Primary Care Physicians; Commonwealth Fund Commission on a High Performance Health System National Scorecard; and Organization for Economic Cooperation and Development, *OECD Health Data, 2009* (Paris: OECD, Nov. 2009).

# Why?

- ▶ Unsustainable Financing and Delivery Model
    - 2010 Debt – \$13.6 T/2019 Debt – \$17.5 – 18.4 T
    - 2010 Deficit – \$1.4 T/2019 Deficit – \$7 – 9 T
    - Baby Boomers – 3.6 million each year
    - Patients receive 55% of recommended care
    - PC Physician Shortage
- 

# Why?

- ▶ Employers / Payors Demand:
  - Accountability/Transparency
    - Improved Patient Outcomes
  - Lower Institutional Costs (HAI/re(admissions)/never events/unnecessary ED visits
  - Reduced Productivity Losses
  - Care coordination across settings/physicians

# Strategic Thinking/Lessons Learned

- ▶ Executive Level Discussions
- ▶ Questions/Assessments
  - Do we want to be an ACO?
    - Cultural/Financial Considerations
  - What's our Market?
  - Do we have the Primary Care Capacity?
  - Can we meet Quality Metrics?
    - Span Continuum of Physician Services
  - Can we meet Cost Metrics?
    - Admissions/ED Visits Reductions

# Strategic Thinking/Lessons Learned

## ▶ Questions/Assessments

### ◦ Culture

- Leadership understand/committed to Reducing Costs/Improve Quality
- Physicians + hospital work together
- PC physicians and specialists cooperate
- Physicians and mid levels work as a team
- Providers ready to be measured

# Strategic Thinking/Lessons Learned

## ▶ Questions / Assessments

### ◦ Technology

- Do we have the technology to coordinate care?
  - EMR System/Registries
  - Data Collection/Submission/Reporting
  - Performance Measurement/Feedback
  - Analytic Capability for clinical process Re-design

# Strategic Thinking/Lessons Learned

- ▶ Questions/Assessments
  - Care Management
    - Embedded RN Care Managers
    - Evidence Based Medicine/Clinical Protocols
    - Team based care
    - Monitoring/intervention capacity
    - Attention to Prevention
    - Care transition capacity
    - Behavioral Health Integration
    - Pharmacy

# Conclusion

Thank you

