

How Do I Fit In An Environment of Accountable Care?

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KEY MESSAGES

1. It's OK if you haven't yet formed an ACO or joined an ACO. There's still plenty of time.
2. Most of the things you will need to do in order to succeed in an environment of accountable care are things you should be doing anyway. They're good medicine and good business.
3. Good working relationships with other providers will be essential to succeeding in an accountable care environment.
4. Now is the time to evaluate, build, and strengthen relationships, and build the competencies and infrastructure to succeed once accountable care and ACOs are ready to take off.

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AGENDA/KEY QUESTIONS

1. What is an Accountable Care Organization (ACO)?
2. What does an ACO need to succeed?
 - a) Key components
 - b) Key success factors
3. How do we build an ACO?
4. How does my organization relate to an ACO?
 - a) How do I make myself "relevant" to an ACO?
5. How can I prepare for accountable care?

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What is an Accountable Care Organization (ACO)?

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An ACO is

- ... a local entity and a related set of providers...
 - >A provider is not an ACO
 - >Each provider's relationship to the ACO can be different
- ...who are held jointly accountable for achieving measured quality improvements and reductions in the rate of spending...
 - >Joint accountability is achieved through financial incentives
 - >Rewards for both quality improvement and cost management
- ... for the care delivered to a defined subset of program beneficiaries or other populations.
 - >ACO payment structures (bundles payments, incentives, etc.) may be different or may not apply to various populations

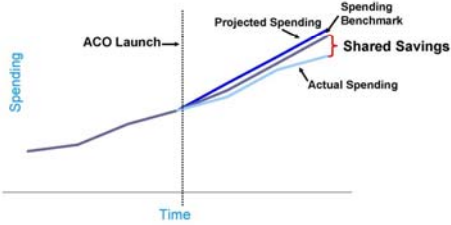
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What is an Accountable Care Organization (ACO)?

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•The ACO is "accountable" for specific population spending targets and clinical outcome improvements. When the ACO meets, or exceeds, these targets, it is rewarded with a share of the overall savings. In some proposed ACO arrangements there are also penalties for failing to meet the targets.



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What does an ACO need to succeed?

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Key Components:

- Providers of Care
 - **PRIMARY CARE PHYSICIANS!**
 - Specialist Physicians
 - Hospitals
 - Home Care
 - Hospice
- Managers/Coordinators of Care (in addition to providers)
 - Patient Advocates
 - Patient Educators
 - Health Coaches
- Infrastructure
 - Culture focusing on quality and clinical outcomes
 - Organizational structure
 - Information systems
 - Health management capability

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What does an ACO need to succeed? STRIKERWATER ASSOCIATES

Key Elements for Successful ACOs:

- Strong “alignment” among members of the organization
 - Shared aims; “accountable” to the community
 - Physician engagement as leaders
 - Culture of working together across specialty & site
- Infrastructure for understanding, managing, and improving care processes
 - Committees/Teams spanning care continuum
 - Information systems to provide necessary data and reporting
 - Compensation structures to incent/reward success
- Resources to fund improvement initiatives
 - ACO “working capital”

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How Do We Build An ACO? STRIKERWATER ASSOCIATES

- Establish provider organizations that can effectively manage the full continuum of care as a real or virtually integrated local delivery system
- Develop performance measurements –to ensure focus on demonstrably improving care and lowering costs
- Implement payment reform: establish target spending levels; shared savings–under fee-for-service and/or partial capitation

No big deal, right? (See instructional video.)

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How Do We Build An ACO? STRIKERWATER ASSOCIATES

Who are Candidates to Form ACOs?

- ANY ORGANIZATION OF PROVIDERS THAT IS WILLING TO WORK TOGETHER TO IMPROVE QUALITY OF CARE AND REDUCE COST
 - Integrated delivery systems –academic medical centers
 - Hospitals with aligned (or owned) physician practices
 - Physician Hospital Organizations (PHOs)
 - Physician networks (e.g. Independent Practice Associations)
 - Community networks / community foundations (putting both hospitals and physicians under community governance with common aims)

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How Do We Build An ACO?

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What role will I/can I play in an ACO?

- **Full Risk Partner:** Responsible the entire "care dollar," managing all utilization, payment for services, and quality initiatives (You are the "insurer.")
- **Partial Risk Partner:** Responsible for managing some portion of the care dollar, (ex. a defined set of services) for a predetermined payment amount (partial capitation, bundled payment, etc.)
- **Vendor:** A provider of services to ACO's, with little or no financial risk for the services provided, paid on a FFS or modified FFS basis, such as DRGs or RVUs. (This may be the riskiest role of all!)

YOU MAY SIMULTANEOUSLY PLAY ALL OF THESE ROLES, FOR DIFFERENT ACOs.

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How Does My Organization Relate to an ACO?

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- **Thesis:** The "relevance" of any organization in an ACO is most influenced by its ability to "deliver" a population for the ACO to manage.
- **Observations:**
 - Patients tend to most closely associate themselves with their primary care physicians ("I am a patient of Dr. Smith.")
 - Chronic disease patients may align with specialists
 - Asthmatic with pulmonologist
 - Diabetic with endocrinologist
 - CAD with cardiologist
 - Patients rarely associate themselves with a hospital
- **Conclusion:** An organization must be closely aligned with physicians, primary care physicians in particular, in order to be relevant to any ACO.

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How Does My Organization Relate to an ACO?

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- **Assess your "market":**
 - What types of "organizations" already exist in your market?
 - Are there any organizations that are already leading efforts to form ACOs?
 - How likely are they to succeed?
 - Are the providers in the organization aligned?
 - Do they have the "will" to become an ACO?
 - Do they have the capital to become an ACO?
 - What is your relationship to these organizations?
 - Are you part of any of these organizations?
 - Do you "believe" in this organization?
 - Do you agree with the organization's values?
 - Are you in a position to choose what team you want to play for?

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How Does My Organization Fit Relate to an ACO?

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- Assess your own readiness to participate in an ACO:
 - Am I aligned with other providers in the market?
 - What is your relationship with physicians in the area?
 - Employment
 - Contract
 - Other relationships
 - Does my organization have care management infrastructure and experience?
 - Information management (EMR, registries, etc.)
 - Chronic disease management
 - Post hospitalization program
 - Care management teams/processes
 - Can I "deliver" my patient population?

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How can I prepare for Accountable Care?

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- Based on your assessment of the market and your own situation:
 - Decide how/where your can/want to fit in
 - Develop a plan to build the capabilities your organization will need for the role it wants to play
 - Organizational structure
 - Medical staff development
 - IT investments
 - Care management systems and processes
 - Build relationships/alignment with other organizations you will need to work with in the continuum of care

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How can I prepare for Accountable Care?

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- Lacking clear direction from any other source, focus on providing the highest quality care for the lowest possible cost.



This may seem obvious, but....

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How can I prepare for Accountable Care? STROKEMASTER ASSOCIATES

- Think about quality and cost in relationship to “population health”
 - Providers generally think of cost management in terms of providing a unit of service, with high quality, for the lowest possible cost
 - ACO’s will strive to control cost by lowering “unnecessary” utilization
 - Readmissions
 - Never events
 - Unnecessary procedures
 - It will be difficult for providers to embrace behaviors that reduce the demand for their services

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How can I prepare for Accountable Care? STROKEMASTER ASSOCIATES

- Need to figure out how to make the “leap” from Fee For Service to Population Based payments
 - Providers need to succeed financially in order to build resources for participation in ACOs
 - Providers are currently paid on a FFS basis
 - More volume = More \$\$
 - Under Accountable Care, providers may be rewarded for doing less
 - How and when do we start thinking, believing, and acting like we’re part of an ACO?
 - What if part of my population is covered by an ACO and part is still under FFS?
 - Do I do “more” for one population and “less” for another?

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How can I prepare for Accountable Care? STROKEMASTER ASSOCIATES

- Need to figure out how to make the “leap” from Fee For Service to Population Based payments
 - Begin by infusing incentives for quality and cost management into compensation systems
 - Build relationships across the spectrum of care
 - May require organization of providers and/or formation of new entities
 - Set up processes to coordinate care along the continuum of services
 - Establish a care management team to include representatives from various provider types
 - Review your IT infrastructure and plans to ensure that they will meet the demands of accountable care
 - Make sure that you can provide care managers the information they need

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