A STRATEGIC GUIDE TO ACO SUCCESS FOR FAMILY PHYSICIANS

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Speaker Disclosure

- Mr. Bobbitt has disclosed that he has no actual or potential conflict of interest in relation to this topic.

Learning Objectives

- Discuss the movement to value-based payment in this country.
- Identify the key elements for a successful ACO.
- Discuss the clinical advantage of collaborative care.

KEY SHIFTS

- The shift from pay-for-volume to pay-for-value
- The shift from care in silos in a fragmented system to collaborative care by teams
- The shift from current physician skill-sets to the new needed skill-sets

INTRODUCTION

- **Part One:** Elements for a successful ACO and implementation steps which transcend specialty or facility and apply equally to all ACO stakeholders.

- **Part Two:** Recommended roadmap to develop ACO strategies for family physicians.

Part One: The Keys to ACO Success

WHAT IS AN ACO?

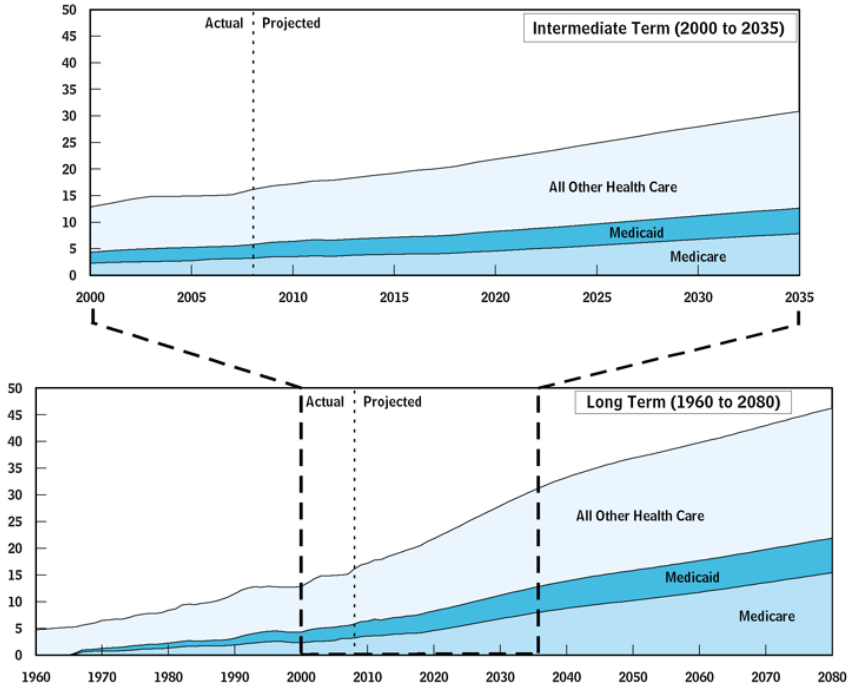
- A provider-based organization;
- That takes responsibility for healthcare needs of a defined population;
- With goals of improving health, improving efficiency, and improving patient satisfaction;
- That should include primary care physicians;
- And produces shared savings or other financial measures to align incentives.

HOW IS THIS DIFFERENT FROM A MEDICAL HOME?

- The Patient-Centered Medical Home ("Medical Home") empowers primary care to coordinate care for patients across the continuum of care.
- It can become the core of an ACO but lacks the financial incentives, like shared savings, to encourage providers to deliver the highest quality at the lowest cost. It does not involve specialists.

ARE ACOs REALLY COMING?

Total Spending for Health Care Under CBO's Extended-Baseline Scenario



Source: Congressional Budget Office

- Federal taxes and other revenues consume about 19% of America's gross domestic product

WHAT THE EXPERTS ARE SAYING…

"The places that get the best results are not the most expensive places. Indeed, many are among the least expensive. This means there is hope—for if the best results required the highest costs, then rationing care would be the only choice. Instead, however, we can look to the top performers—the positive deviants—to understand how to provide what society most needs: better care at lower cost. And the pattern seems to be that the places that function most like a system are most successful."

-Dr. Atul Gawande

Article By Influential Writer Sparks Strong Debate

RAPID TRANSITION TO REWARD VALUE THROUGHS ACOs

- "[T]his bipartisan, bicameral discussion draft (SGR Repeal and Medicare Physician Payment Reform)…seeks to move away from the current volume-based payment system to one that rewards quality, efficiency, and innovation."

  House Ways and Means and Senate Finance Committee Staff – October 30, 2013

- Professionals with a significant portion of revenues in risk-sharing ACOs, or related alternative payment models, would receive a 5% bonus each year.

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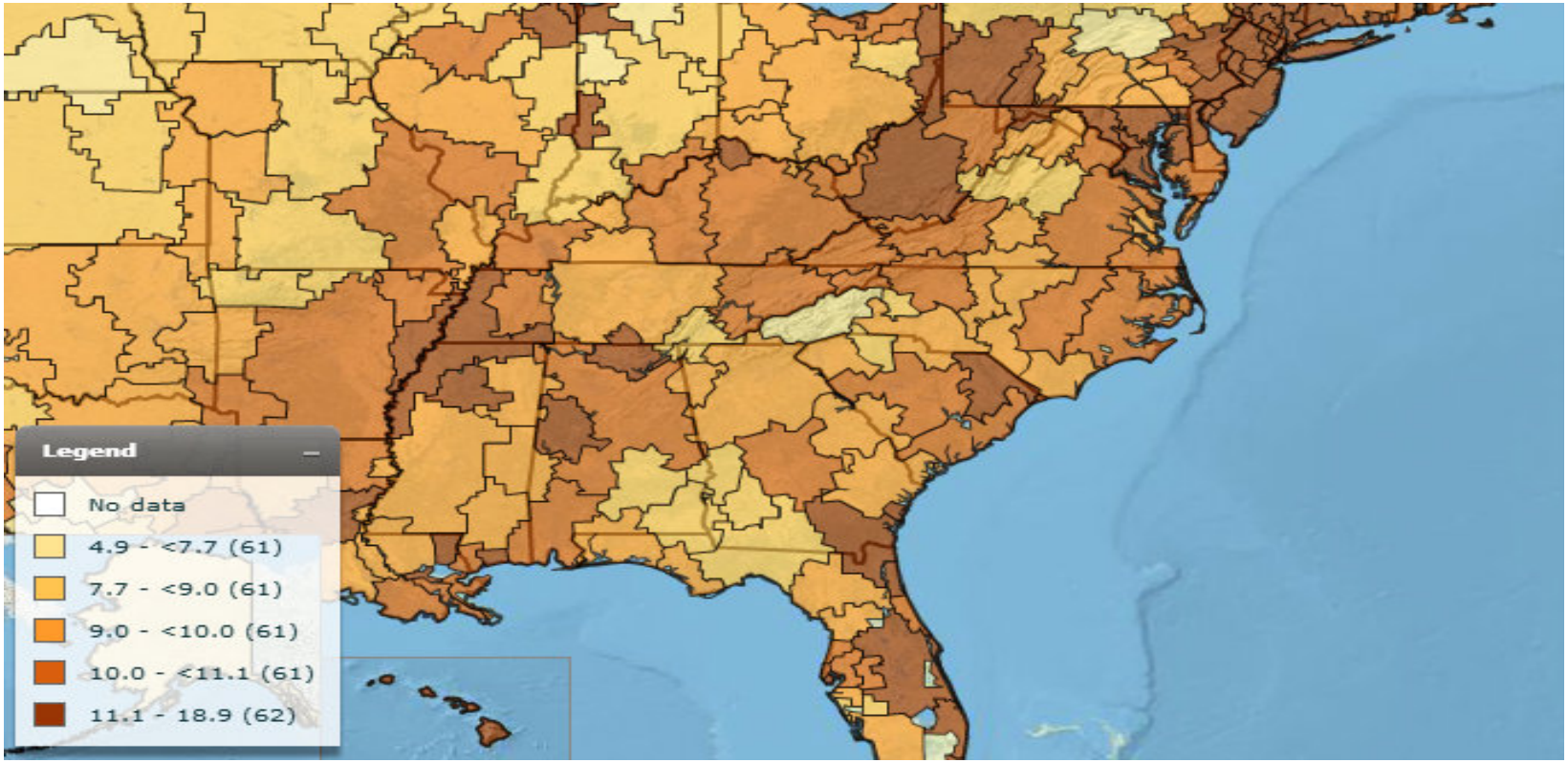

Inpatient Days Per Decedent During The Last Six Months Of Life, By Gender And Level Of Care Intensity
(Level of Care Intensity: Overall; Gender: Overall; Year: 2007; Region Level: HRR)

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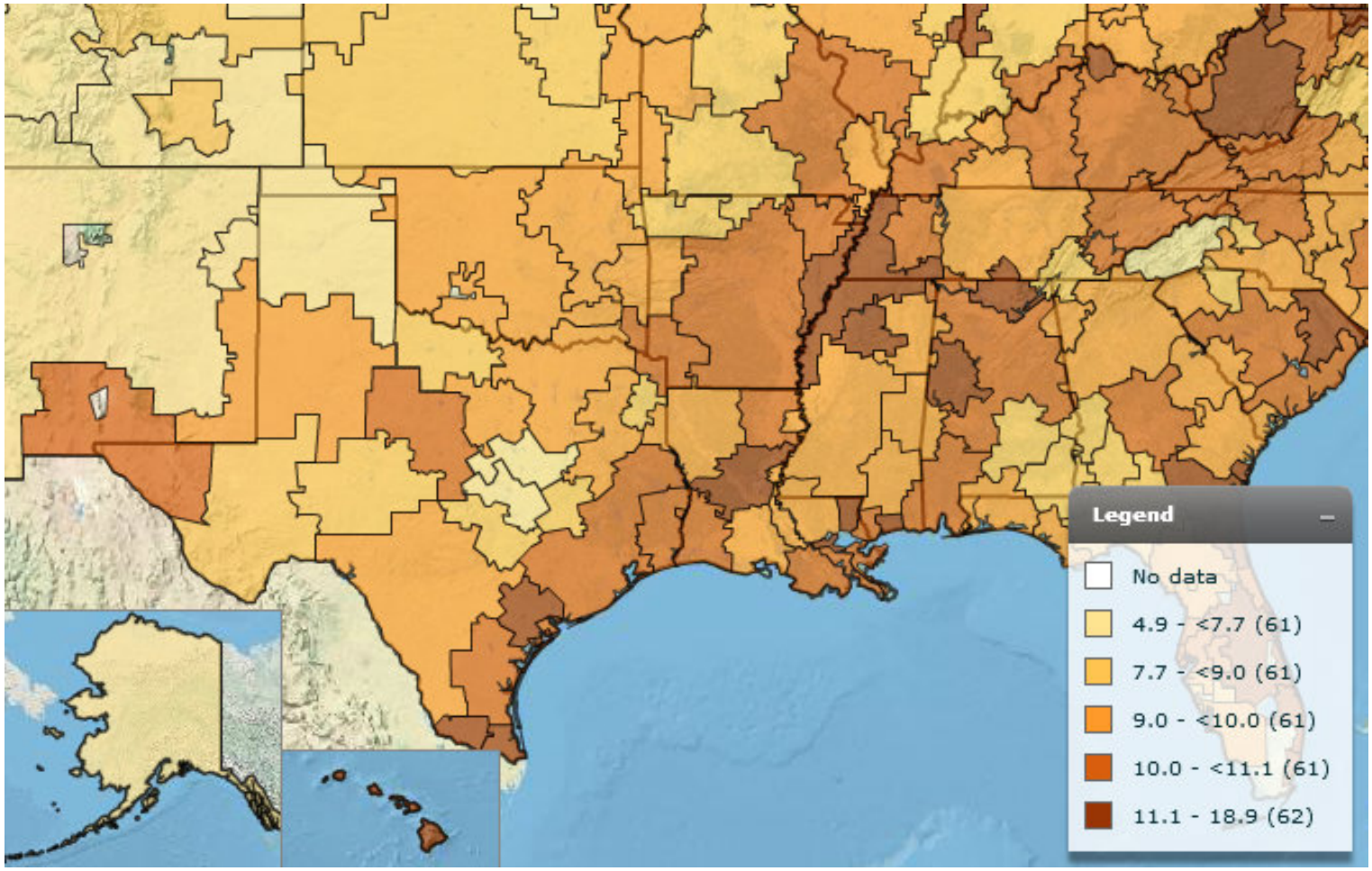

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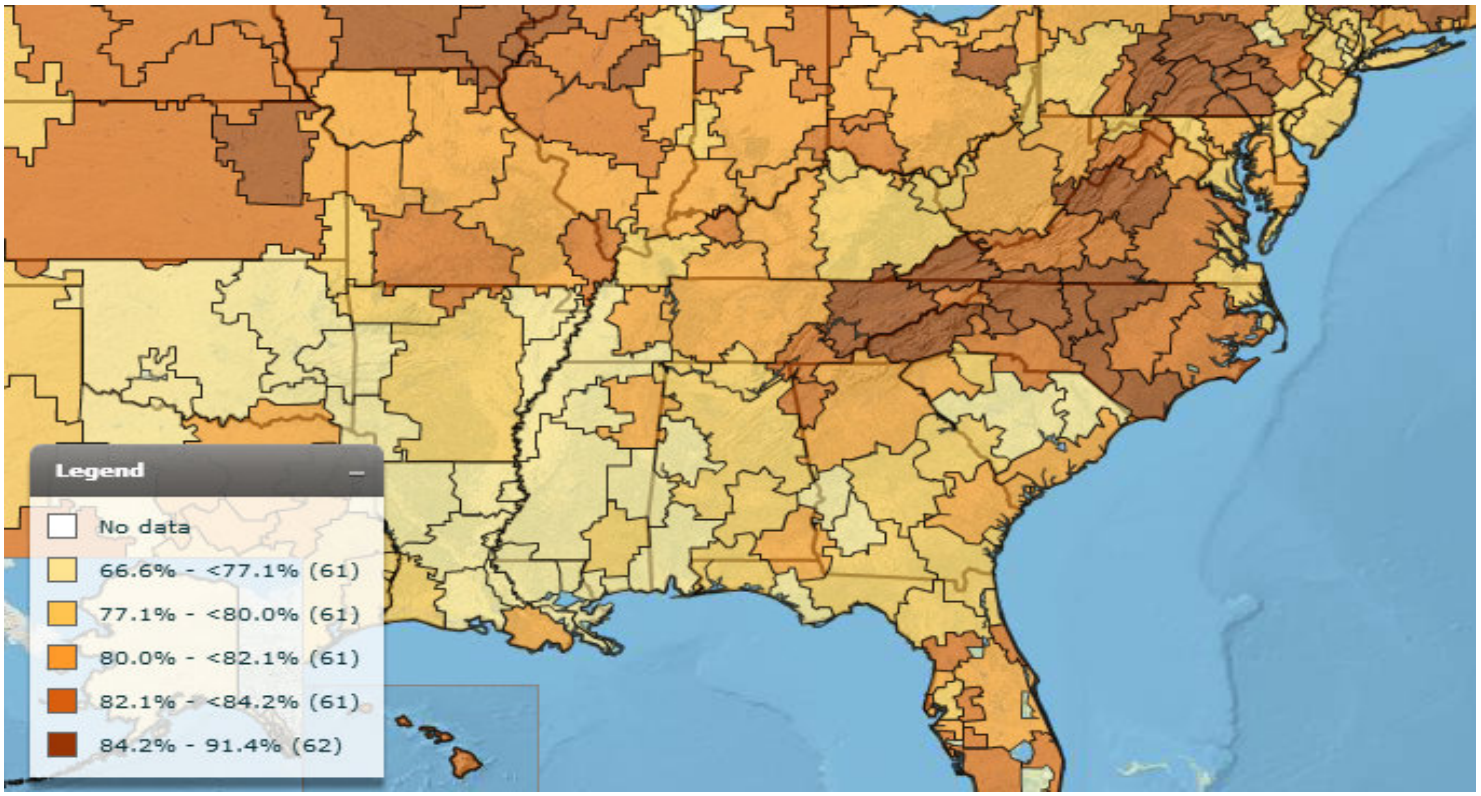

Percent Of Diabetic Medicare Enrollees Receiving Appropriate Management, by Race and Type of Screening
(Race: Overall; Type of Screening: Hemoglobin A1c Test; Year: 2003-2007; Region Level: HRR)

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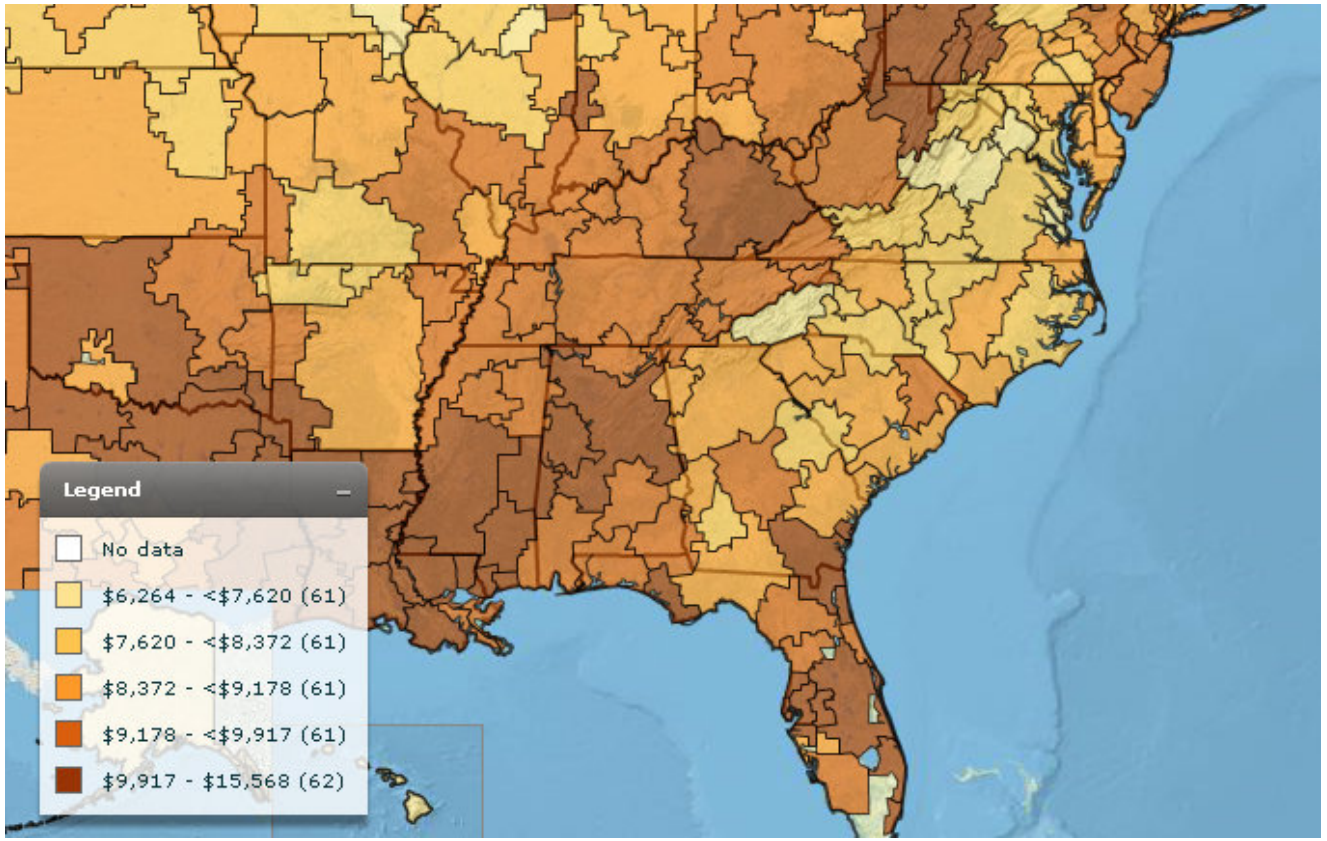

Price-Adjusted Medicare Payments per Enrollee, by Adjustment Type and Program Component
(Program Component: Overall; Adjustment Type: Price, Age, Sex & Race; Year: 2008; Region Level: HRR)

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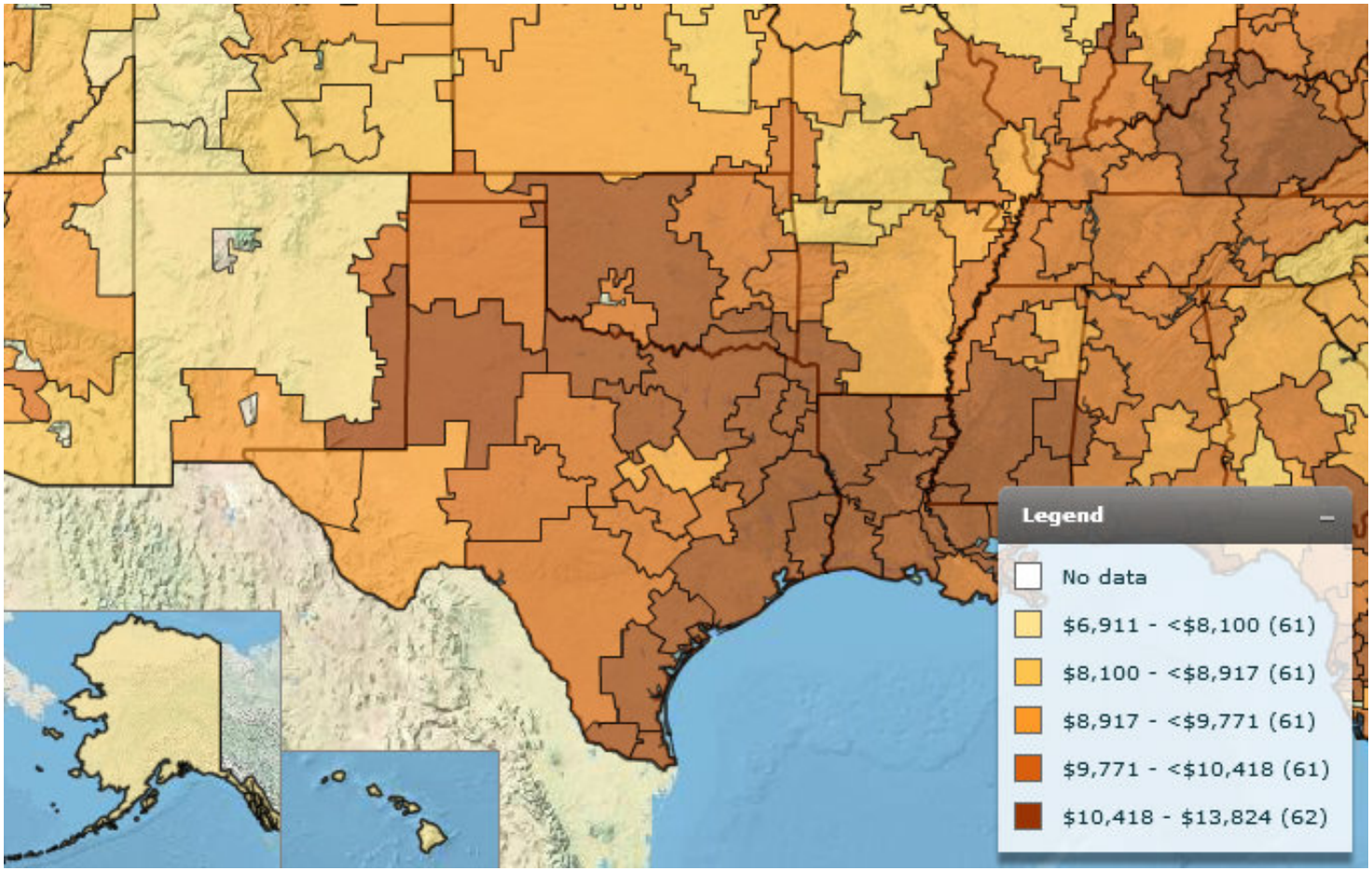
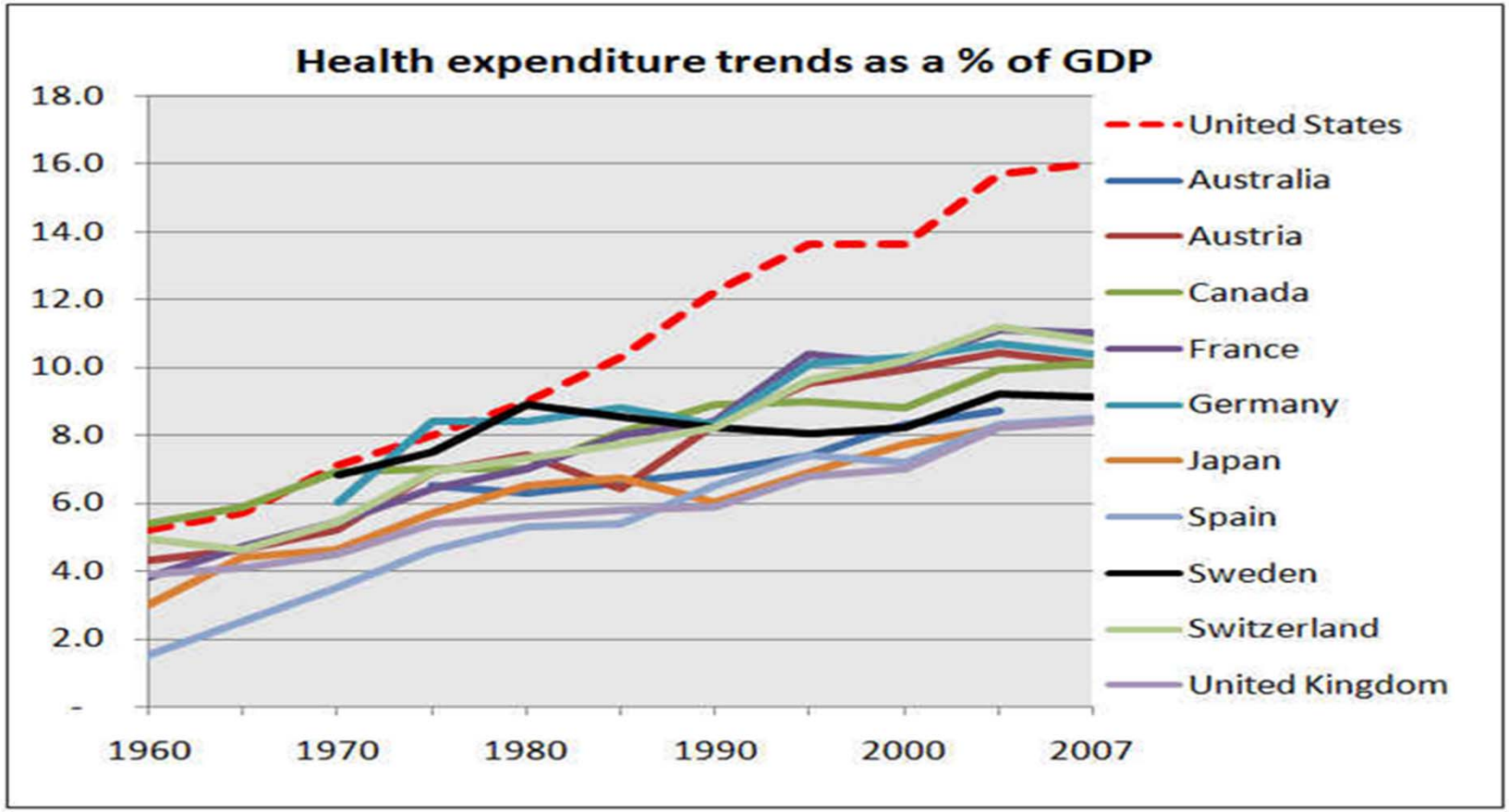


WHY THE U.S. HEALTH CARE SYSTEM NEEDS ACCOUNTABLE CARE ORGANIZATIONS

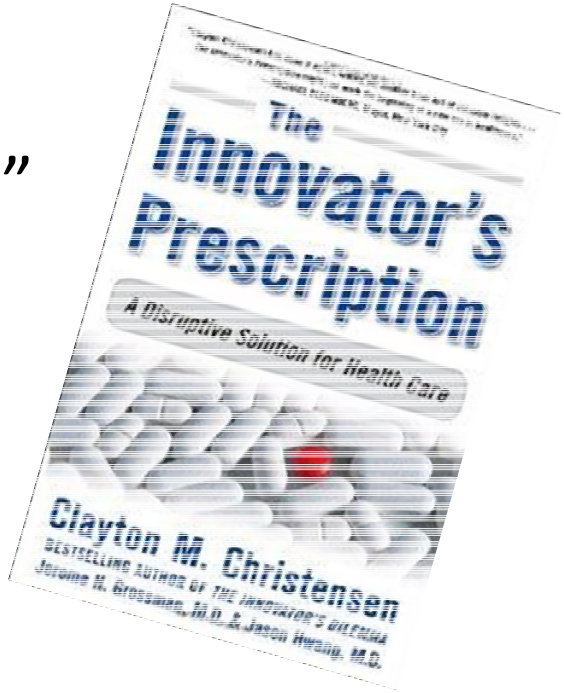


Source: OECDHealthData_FrequentlyRequestedData.xls

DISRUPTIVE INNOVATION

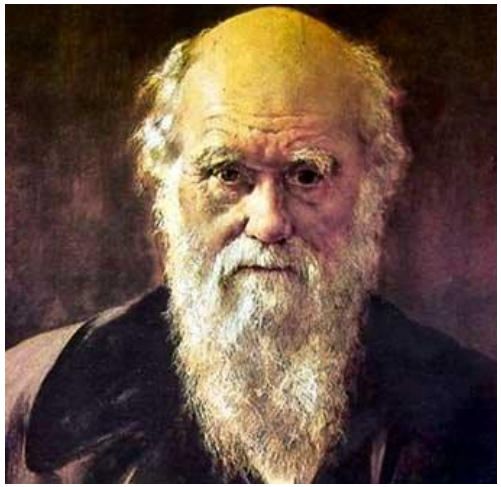
- This could be the dawning of the golden age of primary care—powered by technology advances and innovation in patient-centered care.

- BUT, it will be “Disruptive Innovation”



"It is not the strongest or the most intelligent who will survive, but those who can best manage change."

~ Charles Darwin



THE 8 ESSENTIAL ELEMENTS OF A SUCCESSFUL ACO

- The keys to recognizing whether to join or build an ACO that is likely to succeed:

ESSENTIAL ELEMENT 1: CULTURE OF TEAMWORK

- Will be biggest challenge
- Depends on Champions
- Physician hurdles
- Hospital hurdles
- Strategic tips
- Isn’t hospital employment the obvious answer?

ESSENTIAL ELEMENT 2: CENTRAL ROLE OF PRIMARY CARE

- Developing consensus
- Recent Medical Home successes
- Drivers of so many high-impact ACO initiatives
- But short supply

ESSENTIAL ELEMENT 3: ADEQUATE ADMINISTRATIVE CAPABILITIES

- What type of legal structure?

Integrated Model

(Integrated Health System – usually through subsidiary or affiliate entity)

Network Model (IPA, PHO, Medical Home Network, etc.)

Contract

Contracts

Optional Contracts

ESSENTIAL ELEMENT 3: ADEQUATE ADMINISTRATIVE CAPABILITIES (cont'd.)

- Functional Capability 1 – Performance Measurement
- Functional Capability 2 – Financial Administration
- Functional Capability 3 – Clinical

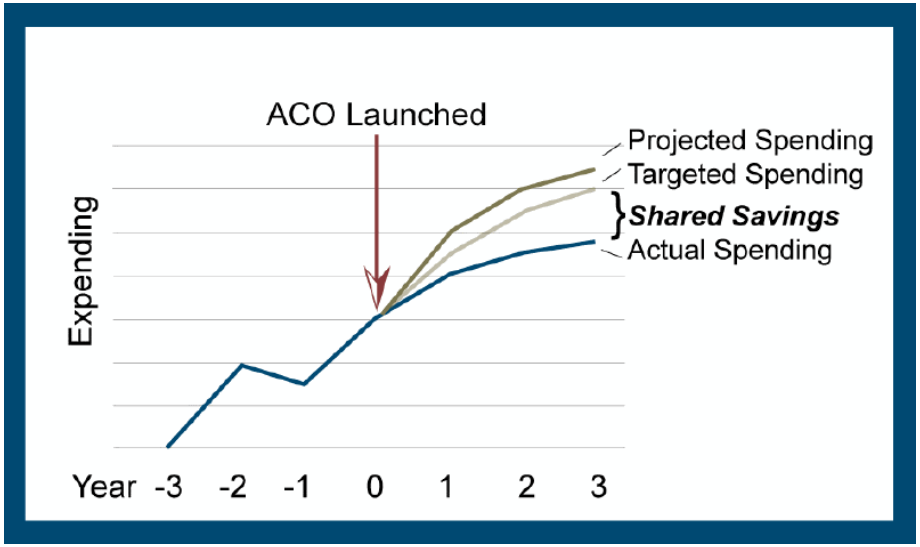
ESSENTIAL ELEMENT 3: ADEQUATE ADMINISTRATIVE CAPABILITIES (cont'd.)

- Who should be in an ACO?
  - All primary care?
  - What about specialists?
  - What about hospitals?
  - What about community partners?
- How many in a region?

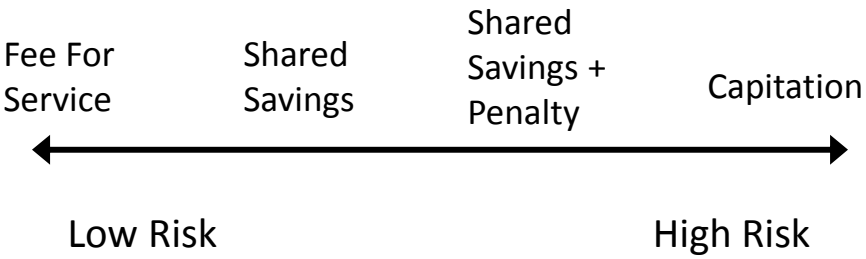
ESSENTIAL ELEMENT 4: SUFFICIENT FINANCIAL INCENTIVES TO PROMOTE SHARED ACCOUNTABILITY

- Three tiers of ACO financial incentives
  - "Asymmetrical" – Shared Savings

    Savings Based on Spending Targets



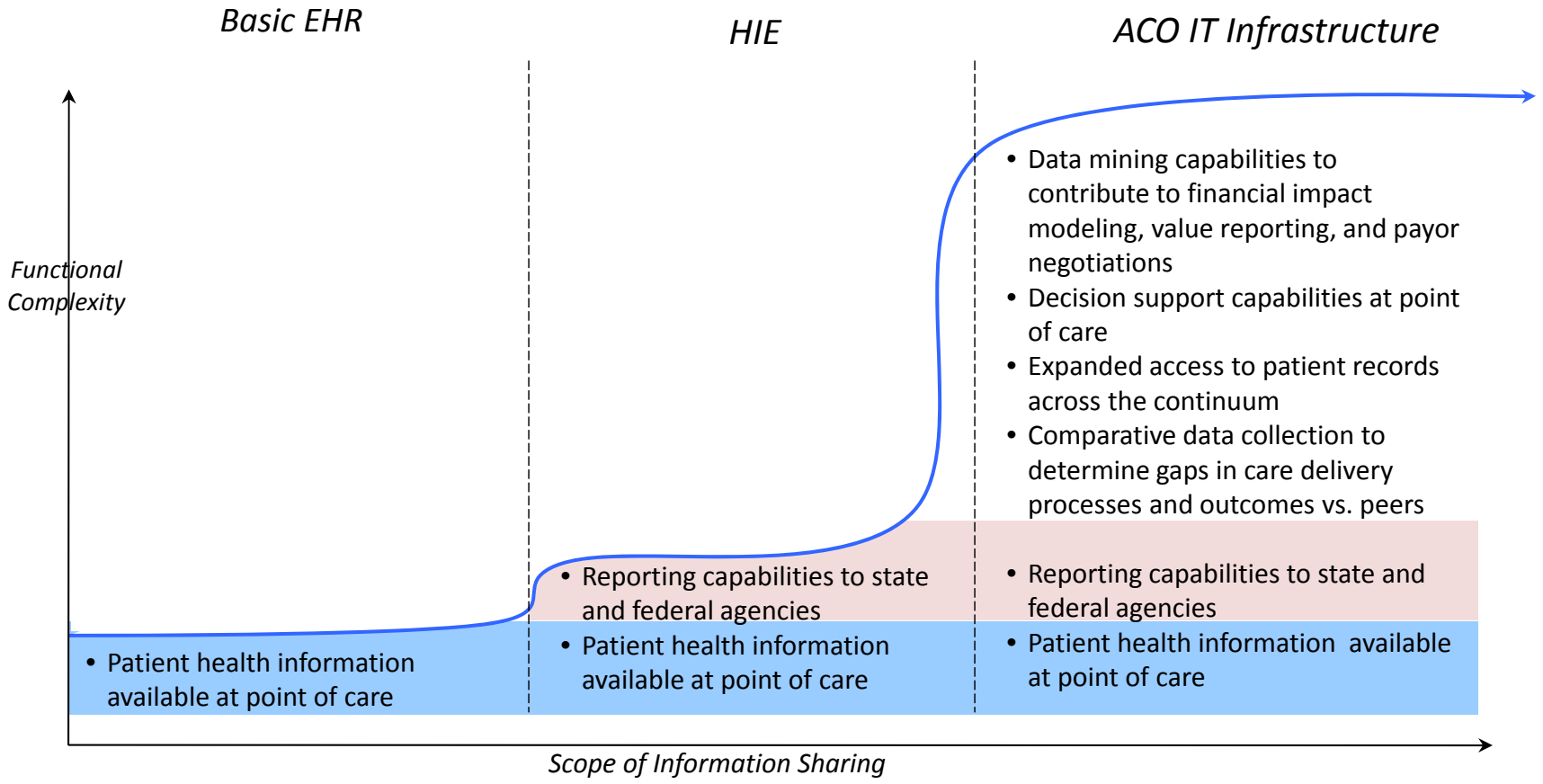
- Symmetrical – Savings Bonus and Penalty
- Capitation



ESSENTIAL ELEMENT 5: HEALTH INFORMATION EXCHANGE CAPABILITY AND DATA

- What data?
  - Baseline – for comparison
  - Performance metrics – aligned with initiatives
  - Clinical support – at the point of care
- Who gathers it?
- Who decides?

ESSENTIAL ELEMENT 5: HEALTH INFORMATION EXCHANGE CAPABILITY AND DATA (cont'd.)



ESSENTIAL ELEMENT 6: BEST PRACTICES ACROSS THE CONTINUUM OF CARE

- Top targets:
  - Prevention
  - Chronic disease management
  - Reduced hospitalizations
  - Care transitions across fragmented system
  - Multi-specialty management of complex patients
- Match ACO strengths to greatest community gaps in care needs

ESSENTIAL ELEMENT 7: PATIENT ENGAGEMENT

- What can an ACO do to engage patients?
- Why is it so important?

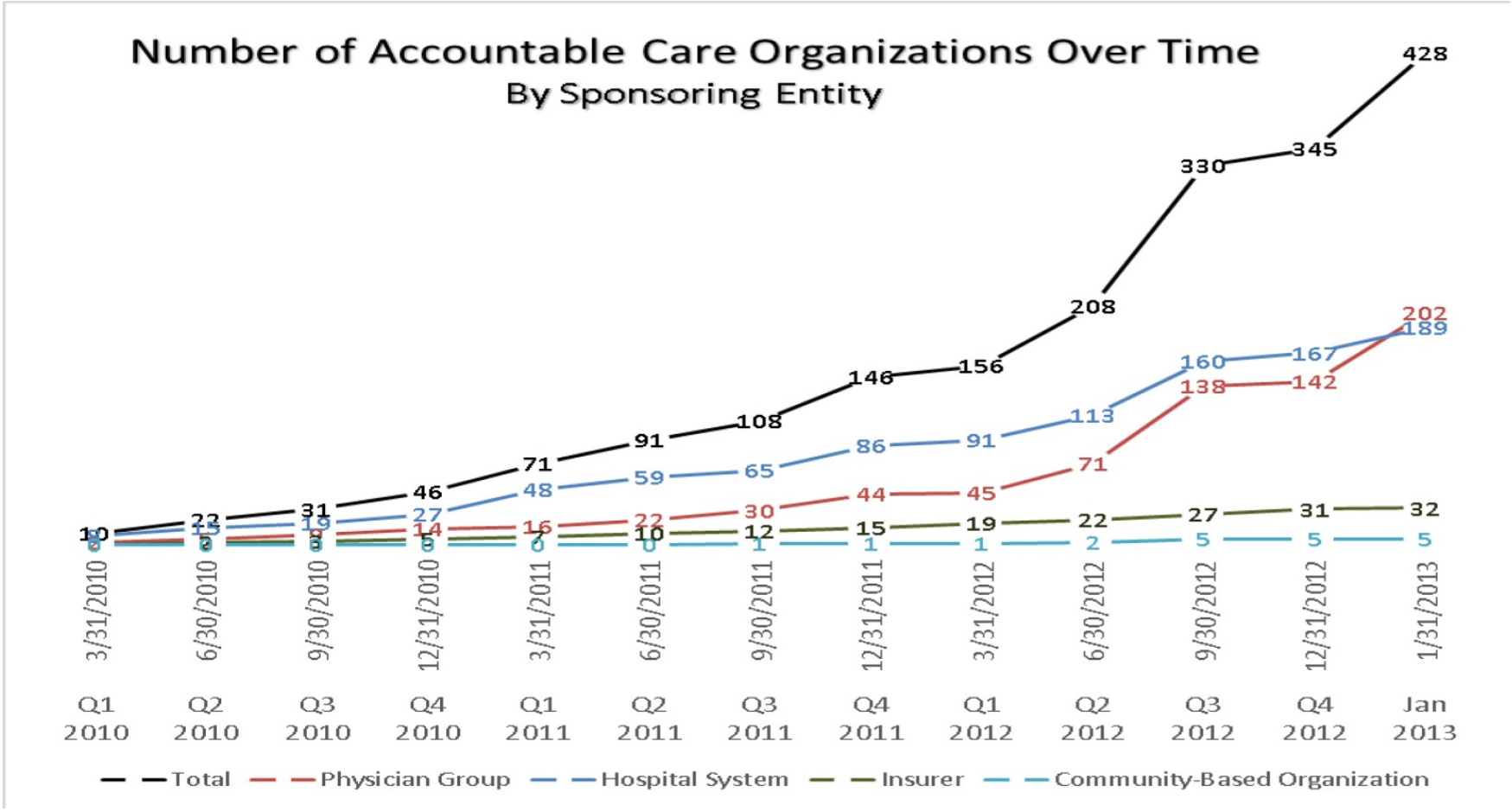
ESSENTIAL ELEMENT 8: SCALE-SUFFICIENT PATIENT POPULATION

- Economies of scale; savings pool
- How a start-up ACO can get there

THE 8 ESSENTIAL ELEMENTS OF A SUCCESSFUL ACO

Part Two: Strategic Roadmap to Develop Successful ACO Strategies for Family Physicians

ACO GROWTH BY SPONSOR



ARE ACOs OPPORTUNITIES OR THREATS FOR FAMILY PHYSICIANS?

- Pros
  - Respect
  - Empowerment
  - Fulfillment
  - Financial reward
- Cons
  - Bandwidth
  - Skeptical
  - Powerlessness
  - Unchartered Waters

STRATEGY ONE:
PICKING AN ACO: LOOK BEFORE YOU LEAP

The 10 Things to Look for Before Joining An ACO

1. Review the Mission Statement/Business Plan – What does it say? Is it a disguised or flawed fee-for-service referral network or a true commitment to increase quality and efficiency through collaboration and incentives for value-based reimbursement? Do they "get it?"

STRATEGY ONE:
PICKING AN ACO: LOOK BEFORE YOU LEAP (cont'd.)

2. Could It Qualify for the Medicare Shared Savings Program? – Though following the 8 Elements, there are specific requirements to qualify.
3. Culture Test
   - Is there a partnership culture?
   - Are specialists willing to support the medical home?
   - Are physicians willing to be interdependent?
   - Are there "champions?"
   - Do savings pool dollars cover lost hospitalizations or reward value contribution?
   - Does governance have meaningful input?

STRATEGY ONE:
PICKING AN ACO: LOOK BEFORE YOU LEAP (cont'd.)

4. Role of Primary Care – Primary Care drives the highest yielding initiatives:
   - Prevention
   - Chronic disease management
   - Reduced hospitalization
   - Complex patient management
   - Effective Transitions

   Does the ACO have these targeted?

STRATEGY ONE:
PICKING AN ACO: LOOK BEFORE YOU LEAP (cont'd.)

5. Does It Have a Medical-Home Core?
6. Do the Financial Incentives Promote Value Creation/Capture? – Shared savings do. PM/PM not so much—still volume-driven, not value.
7. Adequate HIT and Data – Who collects? Who measures your performance? Severity adjusted? Are measures peer reviewed and clinically tested? How rich is your data? How potent is your HIE/EHR?

STRATEGY ONE:
PICKING AN ACO: LOOK BEFORE YOU LEAP (cont'd.)

8. Best Practices – Do clinicians drive nationally-recognized best practices? Are unwarranted variations in clinical outcomes driven by lack of adherence to best practices targeted for correction?
9. Scale – How big is its patient population? Who are the payors? What are the health status metrics of the patient population?
10. Is it adequately capitalized?

STRATEGY TWO:
ACO STRATEGIES FOR THE HOSPITAL-EMPLOYED PHYSICIAN

Engage:

- Well-informed, employed primary care physician champion emerging as a recognized asset

  (FMV compensation may well exceed clinical FMV).

Insider:

- Advantage to develop relationships and shape ACO success from the "inside."

STRATEGY TWO:
ACO STRATEGIES FOR THE HOSPITAL-EMPLOYED PHYSICIAN
(cont'd.)

Expensive Tools:

- Access to expensive HIT, data capture, and infrastructure.

Money:

- Access to capital.

Your Compensation:

- Do not settle for clinical work units only. Include administrative compensation for leadership and upside bonuses, like shared savings.

Your Legal Options:

- Suppose the hospital's ACO is flawed?

STRATEGY THREE:
CONSIDER JOINING MULTIPLE ACOs

- Hedge Bets – At least talk to all of them.
- Which one has Medicare; BlueCross BlueShield; Medicaid?
- Which ones might eventually have all 8 Elements?

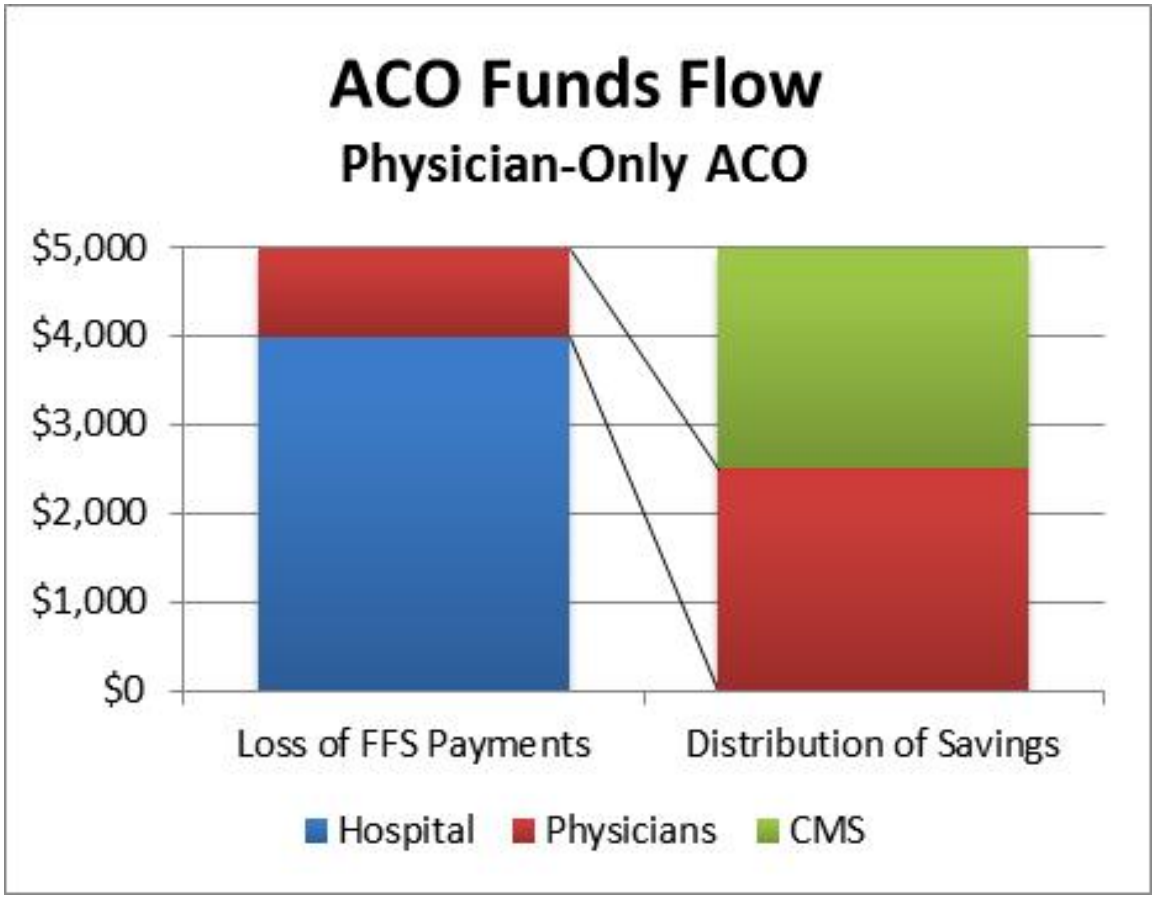
STRATEGY FOUR:
REMEMBER THE NEW LEVERAGE

- From cost centers…
- To savings centers.

STRATEGY FIVE:
GO FOR THE "LOW-HANGING" FRUIT

- Step 1 – Gap analysis—where are cost outliers in your region?
- Step 2 – What are strengths of the ACO?
- Step 3 – Where does ACO's greatest strengths meet the community's greatest needs?
- Step 4 – From that list, which ones can be done the quickest, cheapest, and generate the most return? That is your "low-hanging" fruit!

ACO FUNDS FLOW CHART



McALLEN EXAMPLE

- 14 busy family physicians in 12 practices
- No experience, no money
- 90th percentile quality metrics and $8-million savings in first year

THANK YOU!

- **QUESTIONS?**

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