

Understanding Accountable Care Organizations

Wave of the Future

Or

Flash in the Pan

January 20, 2012

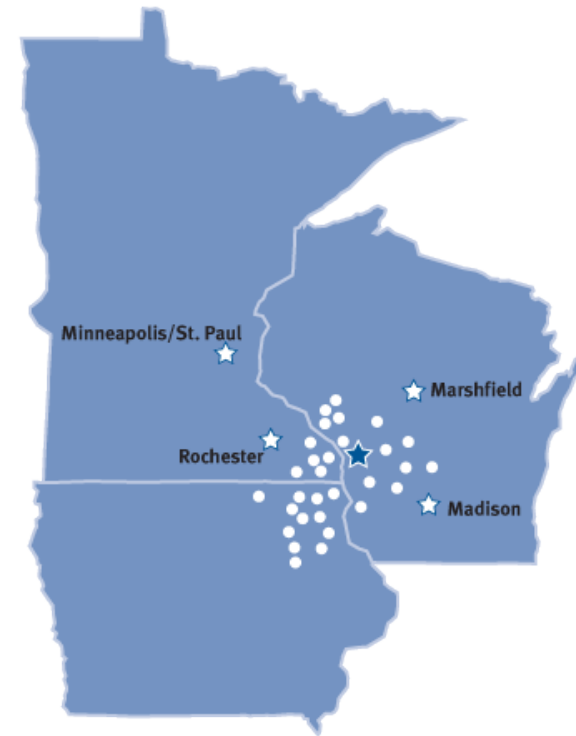
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Gundersen Lutheran Health System La Crosse, WI

Gundersen Lutheran®

- Integrated Delivery System
 - Approximately 6,500 Total Employees
 - 776 providers employed / 474 medical staff
 - 41 clinic locations
 - 325-bed Tertiary Medical Center and 2 smaller hospitals
- Physician-led organization
 - All providers are employees



What about you?

- Tell us where you work
 - Hospital
 - Physician group
 - Integrated System
 - Health Plan
 - Other
- How many of your organizations seriously considered becoming an ACO?

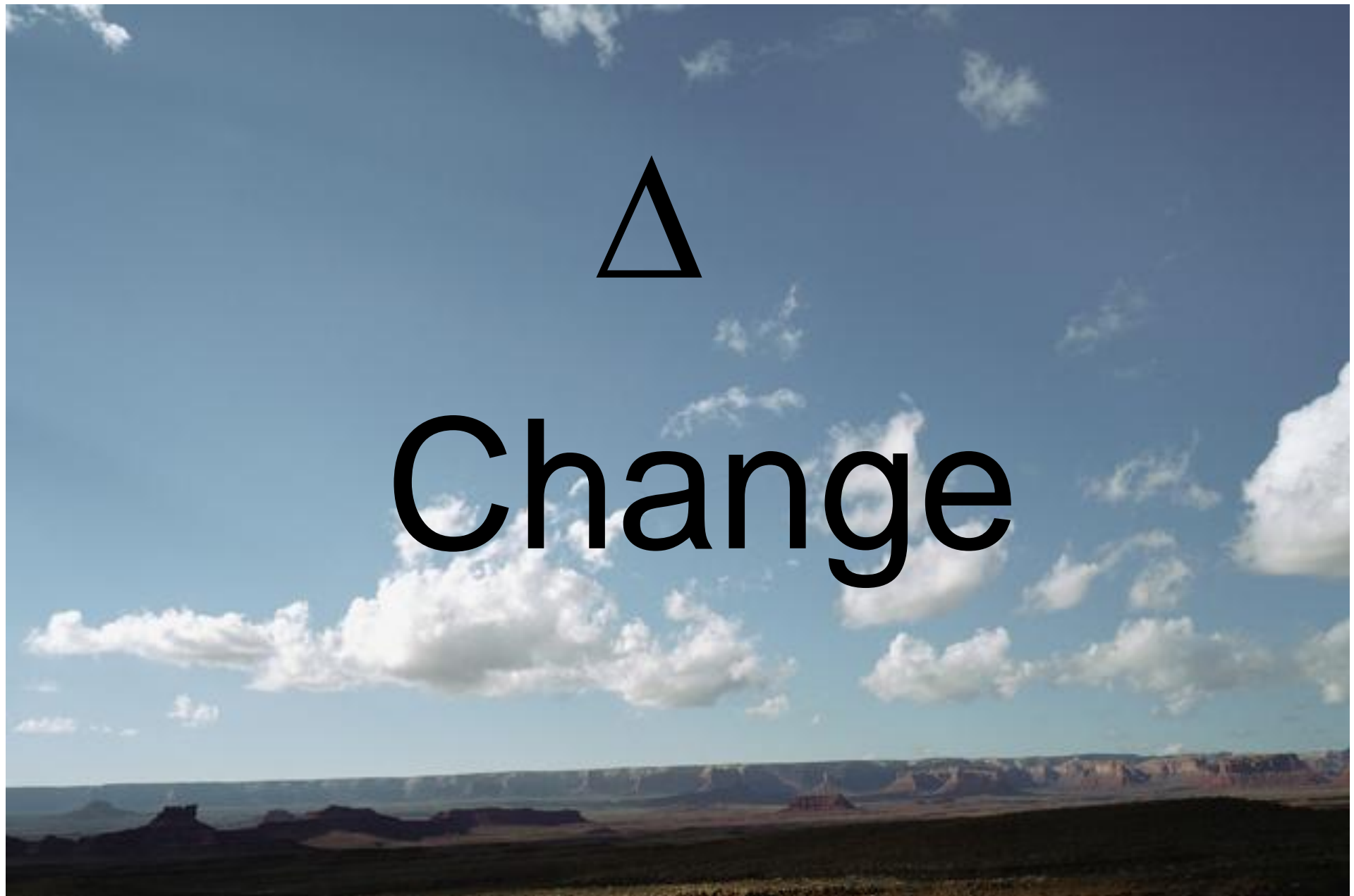
Learning Objectives

- Obtain a basic understanding of why rising healthcare costs are driving change in American healthcare.
- Describe the key components of an accountable care organization.
- Describe Medicare's approach to operationalizing accountable care organizations.
- Discuss how various organizational initiatives and activities prepare healthcare providers to become an accountable care organization.

A Famous Phrase

Δ

Change



Access Quality

Cost

The Affordable Care Act

- Focused on increasing access to health care insurance



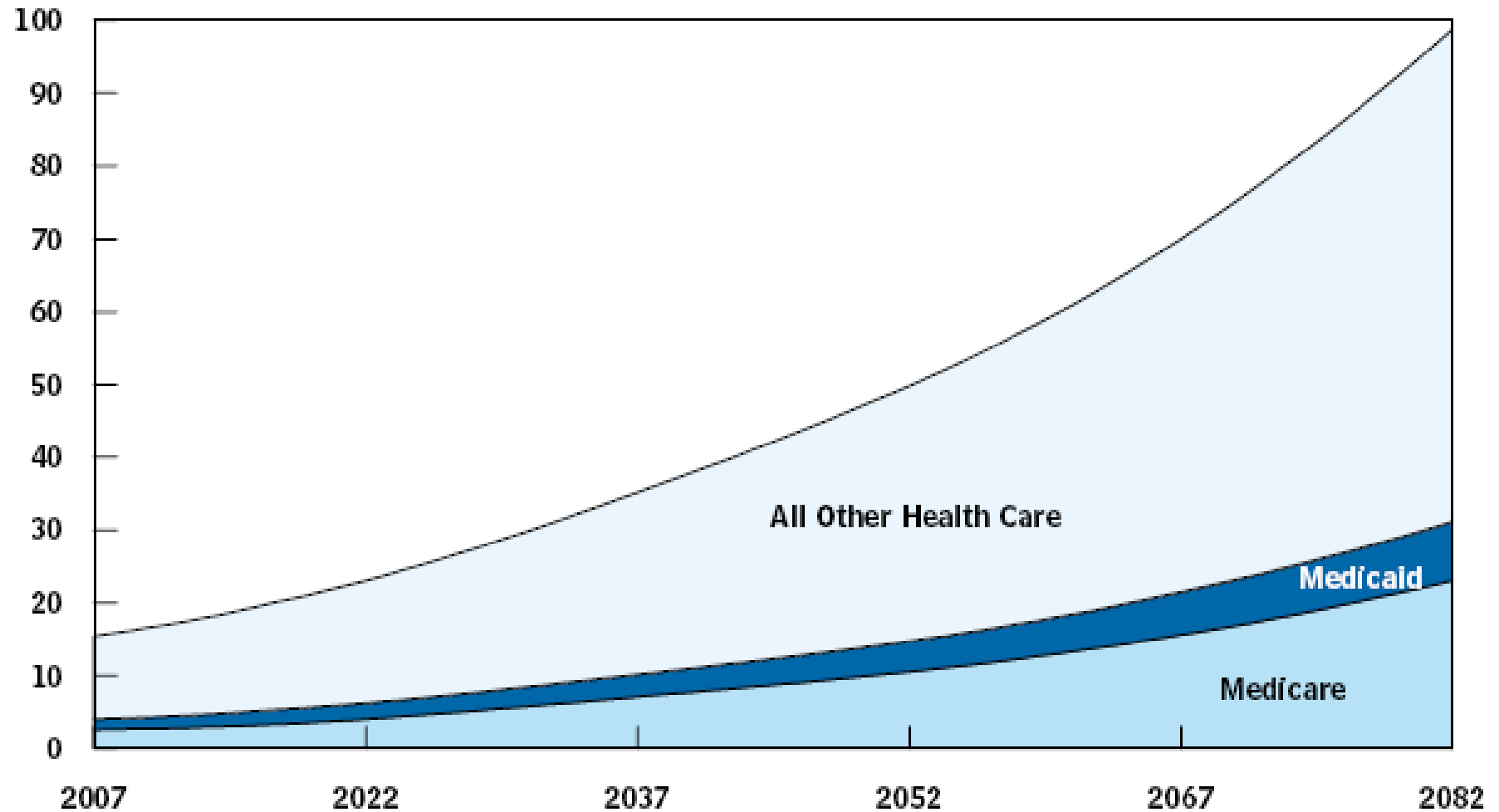


The Problem of Rising Costs

Why have we been unable to restrain
rising costs?

Projected Spending on Health Care Under an Assumption That Excess Cost Growth Continues at Historical Averages

(Percentage of gross domestic product)



Managed Care

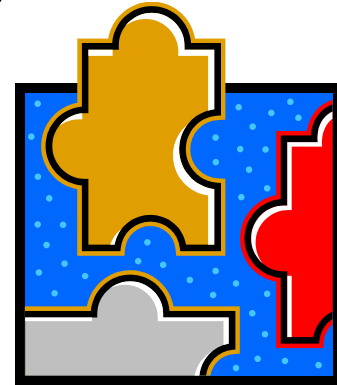
1980s and 1990s

- Attempt slow rate of growth
- X** • Center of control – the insurer
 - Decisions about care
- Emphasis on primary care
- X** – Gatekeepers
- X** ‘Capitated’ payment



Two Structural Barriers

1. Fragmented nature of health care industry that doesn't deliver highly coordinated, efficient care.



2. Reimbursement system pays for illness
- not getting or staying healthy

1. A Fragmented System

Up until just a few years ago, what percent of American physicians were in solo or single specialty practices*



1. A Fragmented System

80%

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Office Practice in Any Where, USA

In some ways, the structure of American health care can be said to be like a...

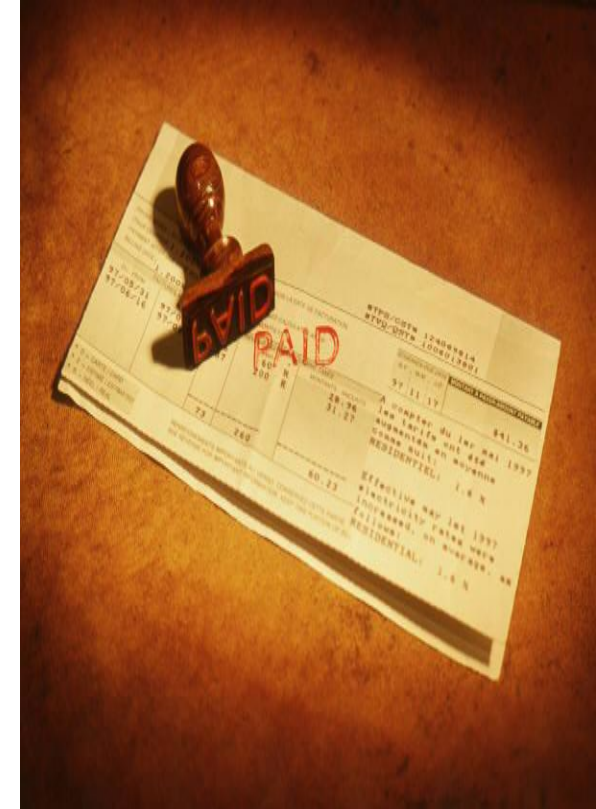


In Many Ways



Health Care is still mostly a cottage industry

2. Reimbursement system
incentivizes treating illness not
keeping healthy



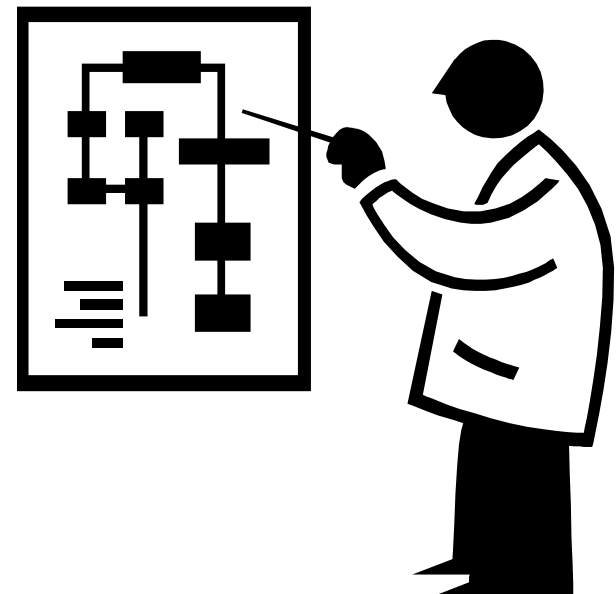
Incentivizes expensive treatment of illness

Dis-incentivizes activities not found on fee
schedule

The Affordable Care Act

- Began process to reform payment and thus delivery system.
 - Restructure healthcare industry to add ‘systems and processes’
 - Reward value rather than volume
- Accountable Care Organizations (ACO)
 - Accountable for the value of the care

What does “Accountable Care” mean anyway?



Depends Upon Who You Ask!

- Healthcare provider or group of providers that accepts accountability for the total cost of care received by a population.
- A set of provider which are held responsible for the health care of a population of beneficiaries.

For today's purposes...

- An entity that can implement *organized processes* for improving quality and controlling costs of care and be *accountable for those results*.

The Affordable Care Act

ACO

ACO Essentials

- ACO structure will vary depending upon local markets
- Umbrella-like structure
- Provide continuum of care for patients as a real or virtually integrated delivery systems
- Performance measurement
- Financial management
- Primary care, medical home
- Delivery system improvements
 - Health IT

Strong Emphasis on Primary Care

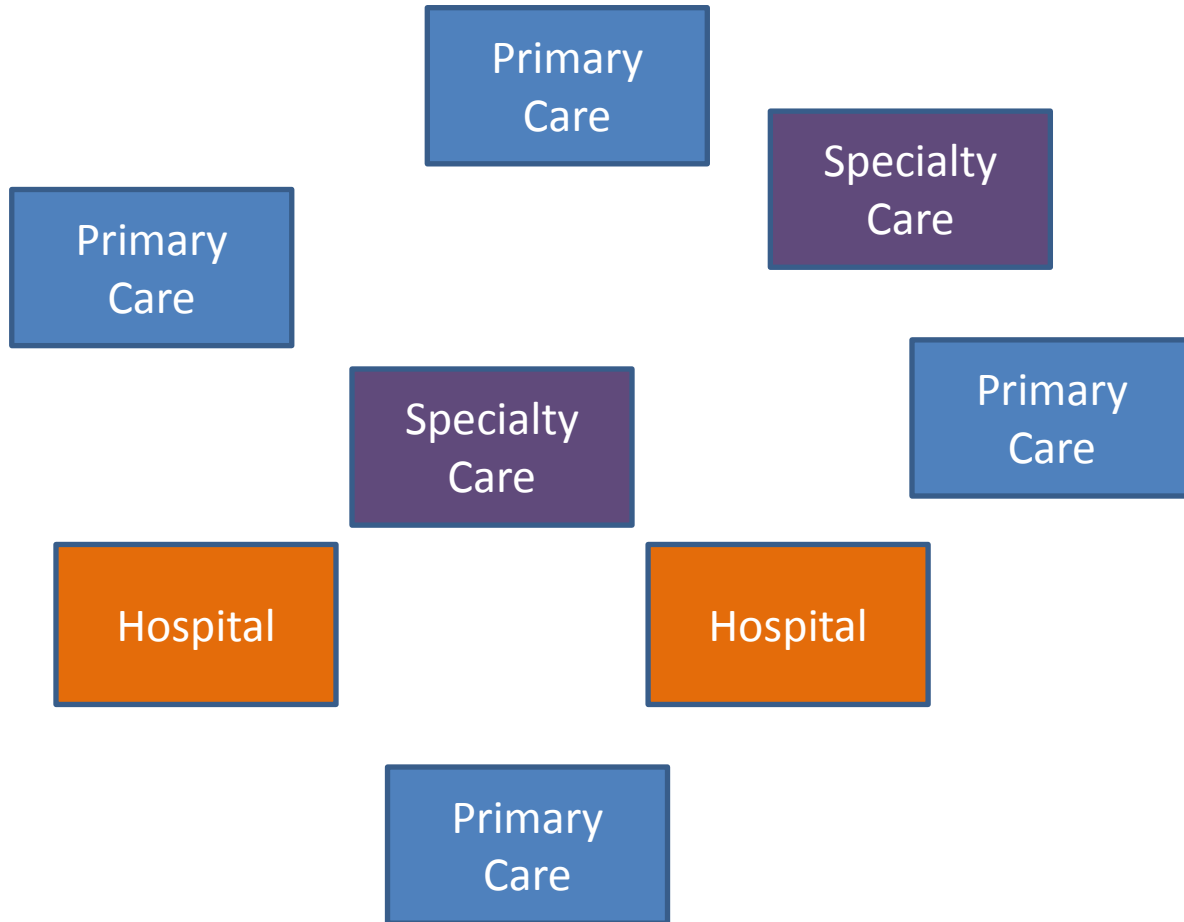
- Importance of coordinating care
- Primary care would become the revenue driver as we receive payment based on where patients receive their primary care
- Medical Home is integral

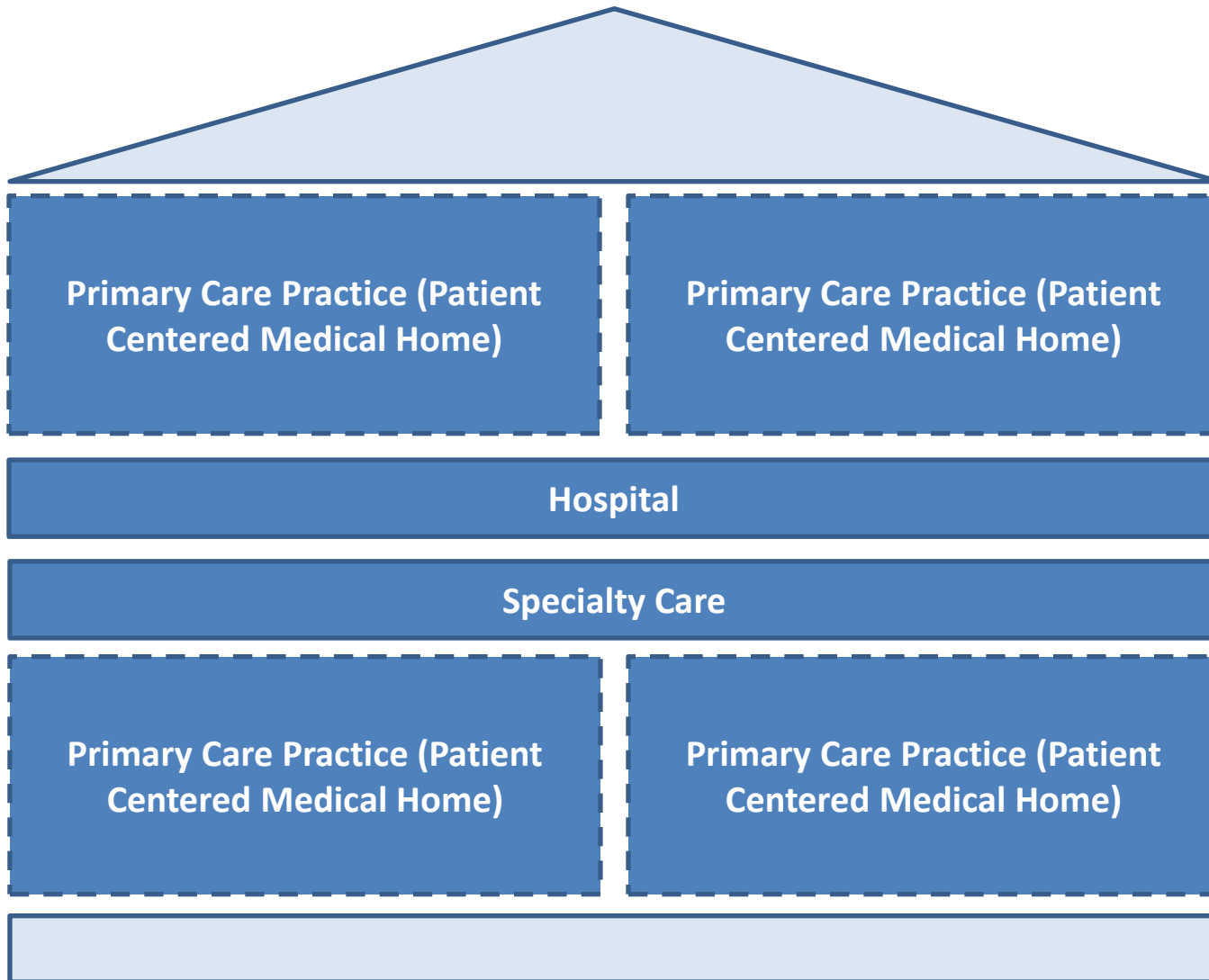
ACO Primary Care

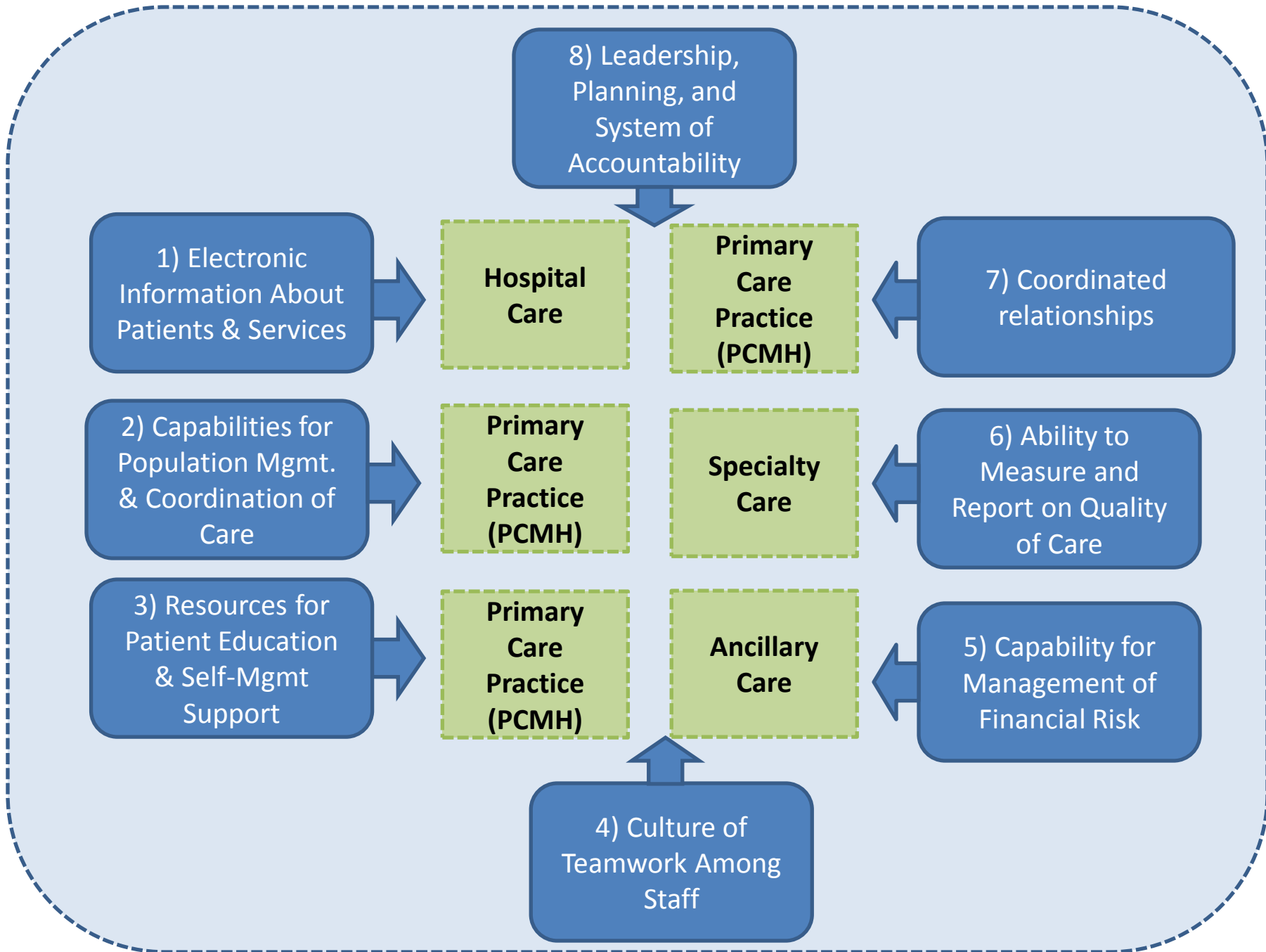
Paying for Care in an ACO

- Designed to move from fee for service that rewards higher utilization to reward for good outcomes and elimination of unnecessary care
- Many Possibilities
 - Shared savings model
 - Global payment
 - Other

Delivery System Reform







Electronic Information About Patients and Services

- Timely information
- Information about what types of services patients receive
- Information about the cost of services patients receive

Population Management and Coordination of Care

- Implementation of clinical practice guidelines and monitoring of compliance
- Data analysis on resource use
- Use of registries to ensure patients are receiving recommended care and redesigning processes to support the way care is delivered

Patient Education and Self-Management Support

- Patient education, goal setting and self-management support reduces hospital admissions, readmissions, ER visits



Teamwork

- Efficiency of operations and effectiveness of care can result from a coordinated, team effort
- Culture of teamwork



Management of Financial Risk

- In past, providers paid whether or not the care was appropriate or added value
- More treatment = more pay
- In ACO environment, providers will be taking more 'risk'
 - Paid some fixed amount for a given patient
 - At risk for overprovision of care
 - The good news...the bad news

Measure and Report on Quality of Care



Coordinated Relationships

- Primary care provider relationships with specialists, hospitals, other providers
 - Referrals for specialty care
 - Follow-up after discharge
- Not a 'gatekeeper' mentality

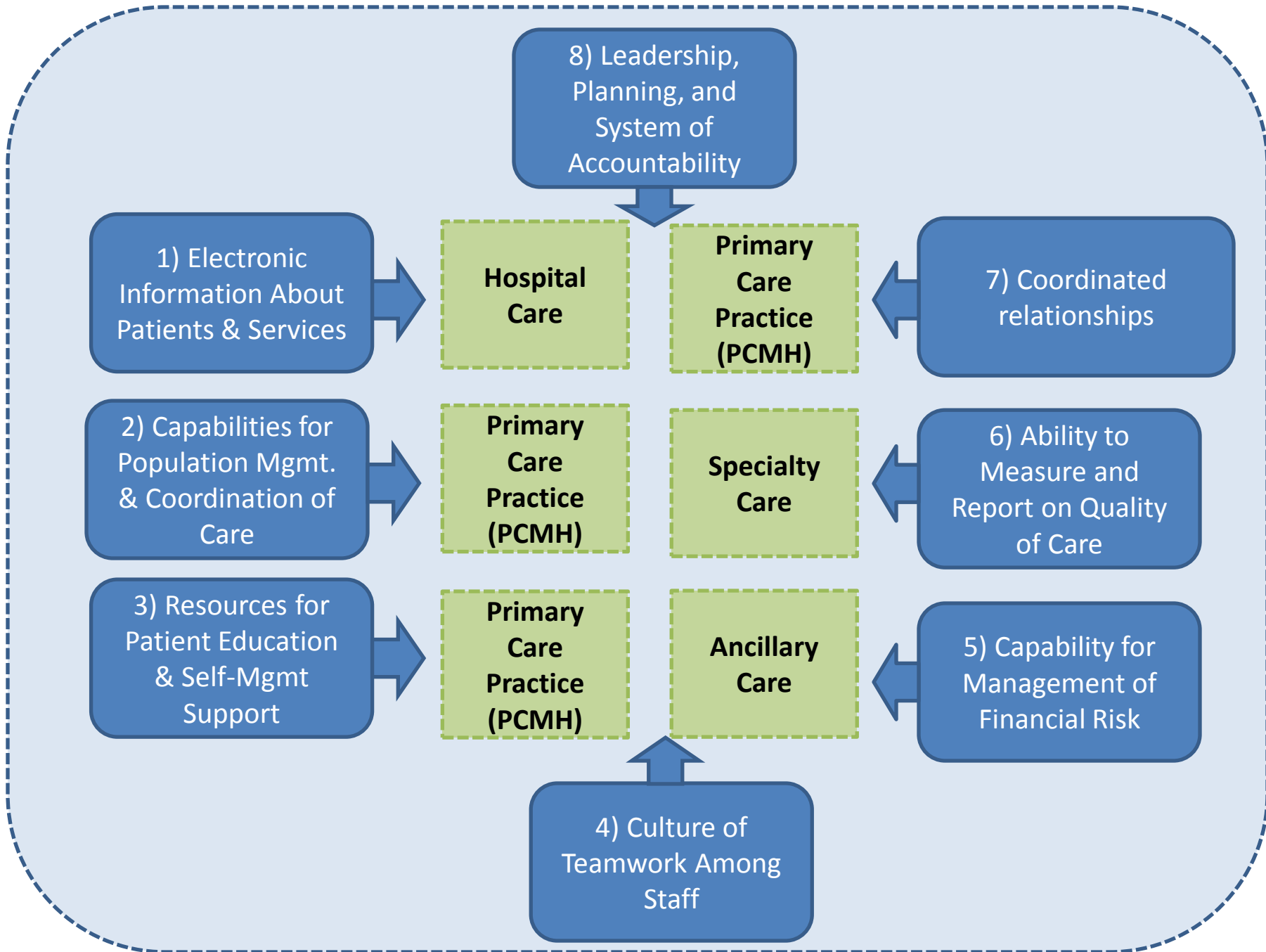


Leadership and Accountability

- Structure that sets value as the top priority and a system of accountability to drive improvement at all levels of the organization.

What pieces of the foundation are already in place?

- Work with two of your three neighbors to pick a concept and then identify at least one activity occurring within your organization that prepares you to be an ACO.
- You will have 7 minutes and be asked to report out!



Examples of How Some Organizations are Preparing

- Primary care, specialty and tertiary hospital
- Medical home
- Care Coordination
- Clinical integration
- Meaningful use compliance
- EMR
- Clinical outcome management
- Chronic disease management
- Community governed
- Collaborative regional model
- Physician led, patient centered
- Quality reporting and performance measurement



Medicare's Dilemma

- The Triple Aim
 - better care for individuals
 - better health for populations
 - lower expenditures

The Challenges Undertaken by Proposed Regulation



Bend the cost
curve



Lower
current costs

Restructure
fragmented health
care system

CMS rewards hospitals based on meeting new Medicare measures

Well done, sweetie.
Here's your brother's
piggy bank.



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Medicare's Method for Operationalizing the ACO Model

Shared Savings Model

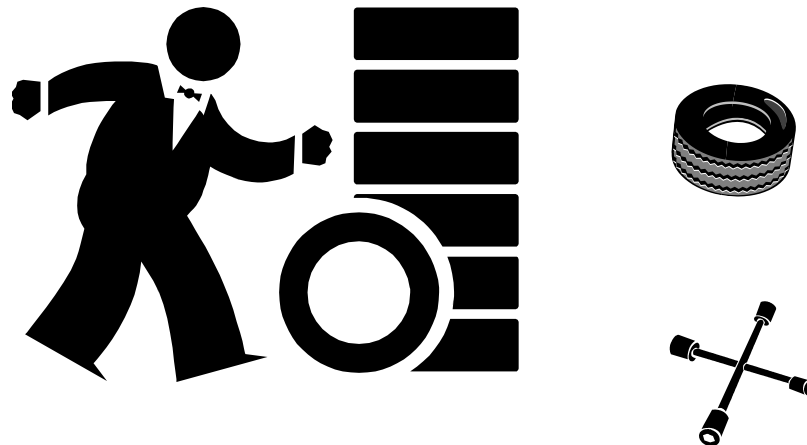
- Intended to apply to healthcare broadly in an attempt transform American healthcare from a state of fragmentation to one of integration.
- Financial Model
 - Greater financial accountability
 - Based on fee-for-service not population payment
 - Generate Medicare savings
- Quality measures
- Infrastructure requirements
- Beneficiary assignment

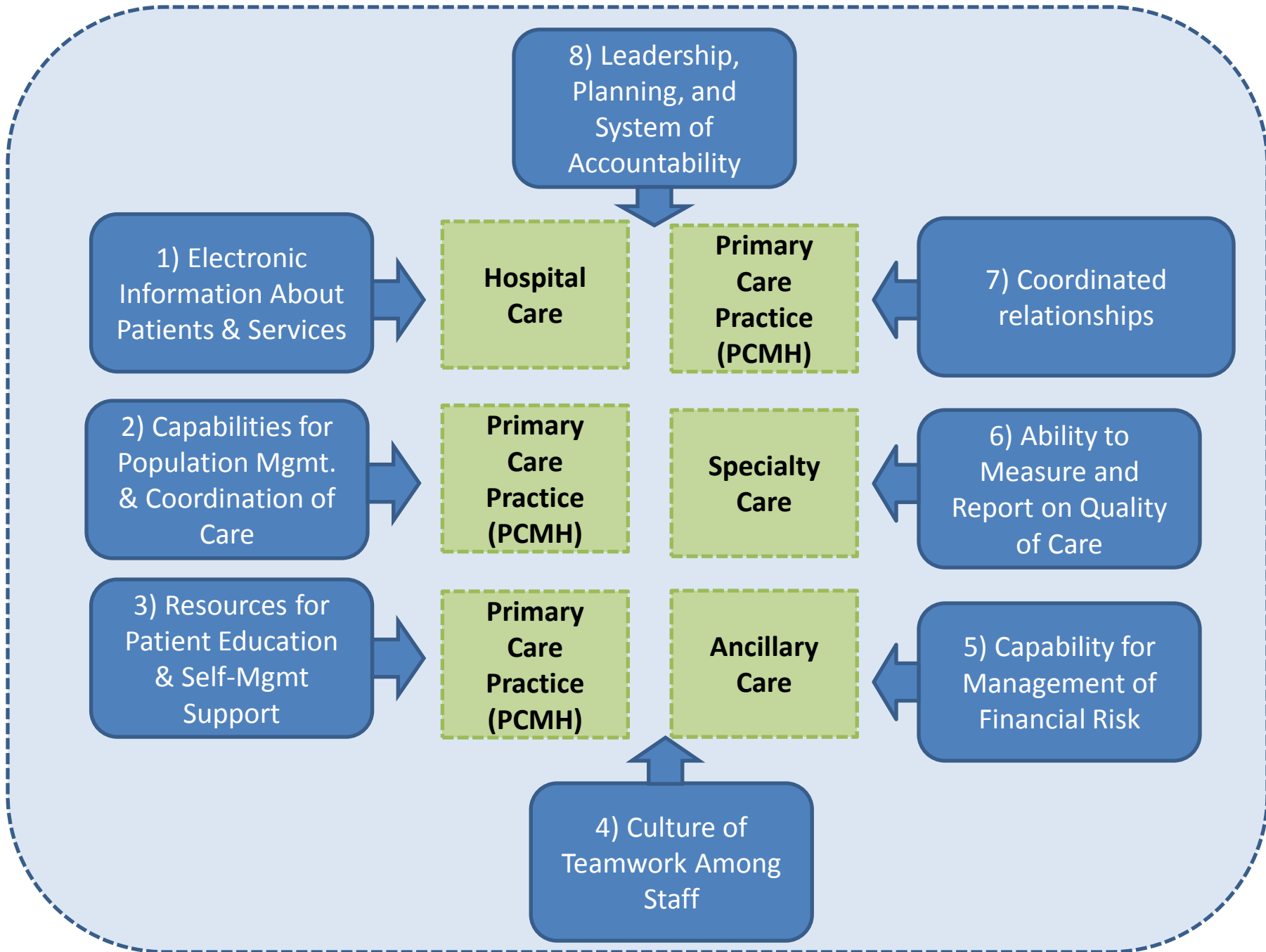
Pioneer Model

- Support progressive organizations in the transformation of payment from fee-for-service to one focused on outcomes of care
- Testing a Series of Models
 - Greater financial accountability
 - Provide a transition from fee-for-service to population-based payment
 - Generate Medicare savings
- Quality measures
- Infrastructure requirements
- Beneficiary assignment



Seeking cost reductions at time of significant investment





Summary

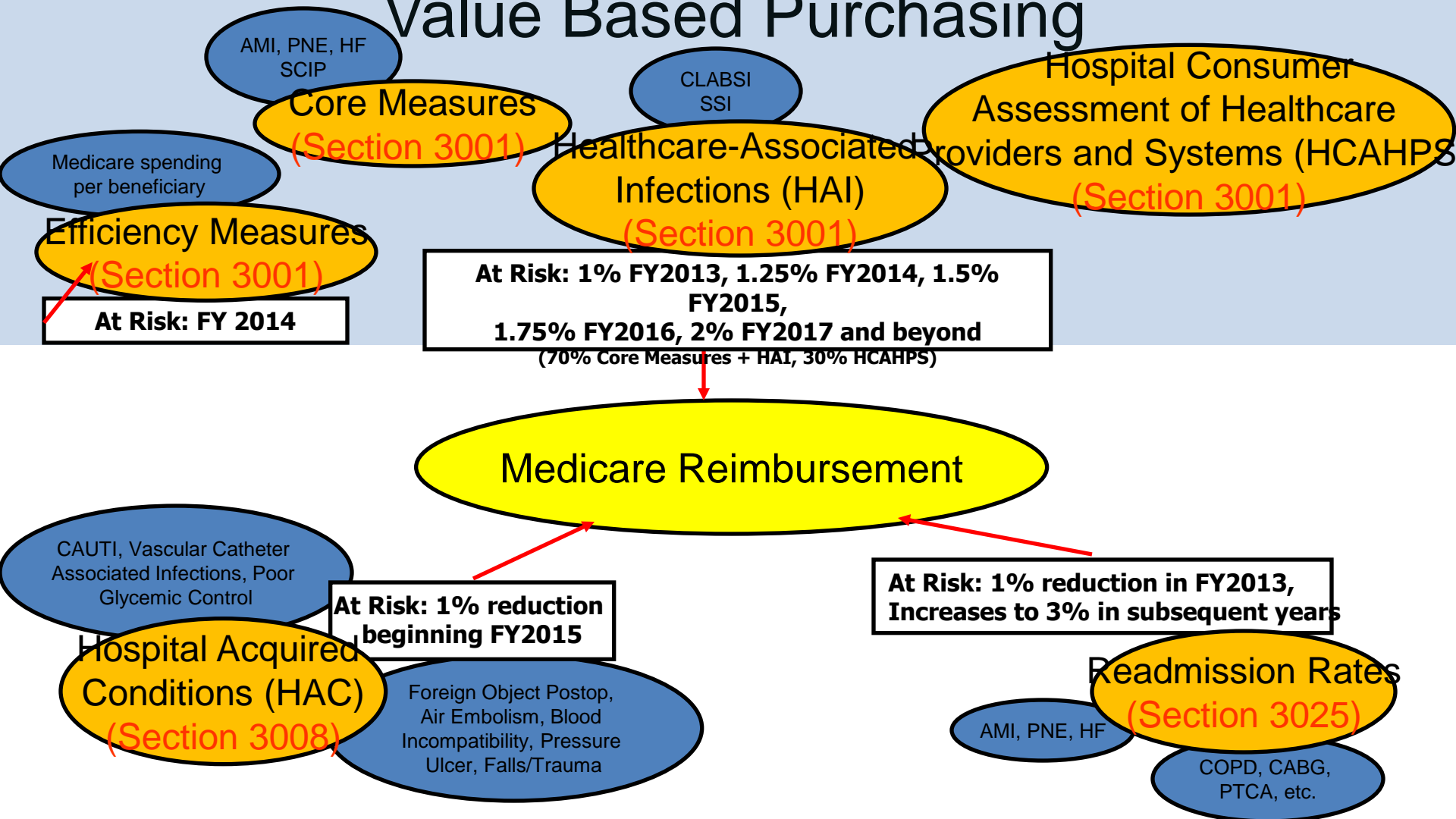
1. Focus on controlling the rate of growth
2. Incent patients for lower cost care
3. Reward improvement and attainment
4. Drive delivery system change first

Now what?

- Innovation Center
 - Bundled payments
 - Primary care initiative
 - Healthcare innovation challenge
- Market consolidation
- Value based payment
- Patient centered medical home
- Electronic health records

The Patient Protection and Affordable Care Act Payment Reform

Value Based Purchasing



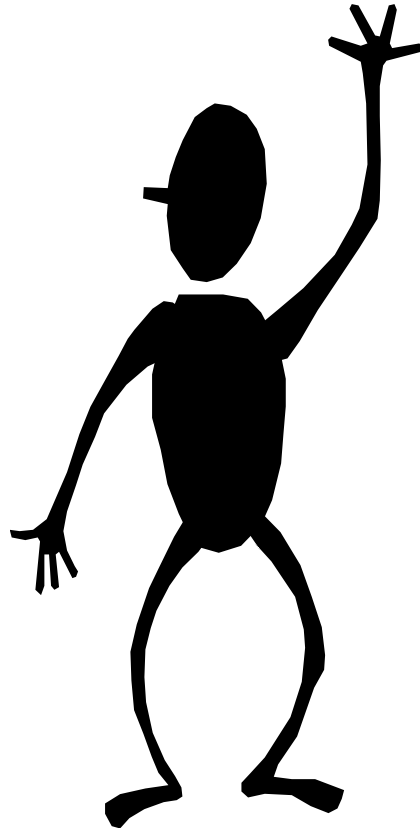
Patient Centered Medical Home



In summary

- Whether or not we call ourselves accountable care organizations in the end, the market is organizing and redesigning itself to fit that model, but at lower cost.
- Our challenge is to quickly make the investment to redesign and be more efficient because we'll be paid less.

Questions



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