Future of Value-based Medicine, ACOs and New Payment Models

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**State of Healthcare**

**Healthcare Reform/ Transformation**
- 27% Medicare rate cut pending for 2013
  - 2012 “doc fix” cost $25B
  - MedPAC recommendations to realign fee-schedule to support primary care and ACOs, bundled payments, capitated models & shared savings programs

**Sequestration**
- Scheduled to go into effect on January 2, 2013
- Automatic budgetary measure to cut $1.2 trillion over 10 years if Congress and the Administration do not agree on a plan
  - 2% Medicare cuts across the board; Meaningful Use funds are excluded

**National & Global Efforts**
- Create efficiencies, increase access and stabilize rocketing costs
  - As compared globally, we ranked #1 on costs but avg. 20-40 on outcomes
State of ARRA & HITECH Act

- **EHR Meaningful Use**
  - Over $27B available with no cap. Protected in Medicare Trust Fund
  - Stage 1 criteria well within expectations ~ 14 EH/15 EP Core Measures & 5 Menu
  - Stage 2 criteria well within expectations ~ 16 EH/17 EP Core Measures & 3 Menu
  - Incentives are front-loaded so begin as soon as you can
  - As of December, over 340,000+ care providers registered for Meaningful Use
  - Over $9.3 billion in incentives paid to eligible providers & hospitals already!
    - Over $260 Million just to Nurses & PA’s under Medicaid
  - [Meaningful Use Stage 2 Overview Chart](http://tiny.cc/bnqrjw)

- **Regional Extension Centers**
  - Operations underway at various levels of execution
Health Reform Provisions

Specific Rulings
- Supreme Court upheld the Individual Mandate through a tax ruling
- No sanctions on states' existing Medicaid funding if the states do not implement Medicaid expansion
- Provisions include preventive healthcare services without co-payments, coverage of children up to age 26, elimination of lifetime policy limits

Implications of Rulings
- Health Insurance Exchanges & Medicaid expansion strategies
- Amplified movement away from FFS, towards value-based medicine
- Increased momentum for Accountable Care and ACO strategies
- Possible stabilization of insurance premiums now
Medicaid Expansion Strategies

- The Supreme Court's ruling on the Affordable Care Act allows states to opt in or out of the law's Medicaid expansion.

- States that plan to participate include:
  - Arkansas, California, Connecticut, Delaware, Hawaii, Illinois, Maryland, Massachusetts, Minnesota, Rhode Island, Vermont & Washington.

- States considering expansion include:
  - Kentucky and Oregon.

- Opting out would leave each state's decision to participate in the hands of the nation's governors and state leaders.
Health Insurance Exchanges

- Set to begin in 2014
- At least 16 states have filed to run their insurance exchanges:
  - California, Connecticut, Colorado, DC, Kentucky, Hawaii, Maryland, Massachusetts, Nevada, New York, Oregon, Rhode Island, Utah, Vermont, Washington & West Virginia
- Three states are planning for partnership exchange:
  - Arkansas, Delaware & Illinois
- At least 16 states are considering participation such as:
  - Alabama, Arizona, Idaho, Indiana, Iowa, Michigan, Minnesota, Mississippi, Montana, Nebraska, New Jersey, New Mexico, North Carolina, Pennsylvania, Tennessee, Virginia
Value-Based Medicine

- Overriding approach to delivery and payment reform
  - Population management rewarding outcomes and cycle of care over episodic care and volume

- ACO, PCMH are well-known value models introducing shared savings, shared risk and bundled payments

- ACA Medicare and private models to evolve, establishing national data aggregation and cost transparency:
  - Practices-Hospitals-Home Health Agencies-Skilled Nursing Facilities, CAHs in ACA law
Value-Based Medicine

- Aligns incentives across providers, payers, members, employers as integrated approach
  - Payers retain insurance risk, providers retain performance risk
  - Transparent, comparative research fosters national standards, competition and consumerism
  - Organizes care around medical conditions, acute and ambulatory coordination
  - EHRs provide evidence-based CDS, aggregation and standards-based interoperability
Value-Based Medicine

- Formula: Outcomes divided by total cost per patient over time
- Dynamic: Value-Based Medicine is a mutually reinforcing dynamic

- Outcomes measurement improves insurance market competition
- Drives restructuring of care delivery which is accelerated by payment reform
- EHRs facilitate delivery restructuring and outcomes measurement
UnitedHealthcare:
A Commercial Payer Approach

- Seeks 70% member inclusion by 2015
- Pursuing value through multiple ACO and PCMH pilots
- Mixes FFS with bonus or withholding based on meeting cost and quality targets
- Includes clinical integration incentives for health IT adoption aided by MU
- Performance measures such as % of readmissions; inpatient days/1000; ER visits/1000
Payers, Health Systems
Putting Value to Use

- **Banner Health (Phoenix)**
  - Remote monitoring of ICU patients, alerting hospital-based care teams
  - Risk adjusted ICU mortality reduced 31%
  - Per patient days in ICU reduced 30%

- **Health Springs/Cigna (Nashville)**
  - Provider bonuses for improved population management
  - Doubled diabetic patients receiving evidence-based screenings
Healthcare Consumerism

High deductible plans impact healthcare decisions
- Families striving to reduce the healthcare costs
- Engage local employers to see what plans they are offering
- Growing demand for care management resources

Retail clinics as alternatives for consumers
- Many patients visit CVS or Walgreens clinics for convenience
- Offering lower cost and quick visits for simple treatments
- Consider how this impacts your patient visit volume
Patient Engagement

- Patients now taking an active role in their healthcare decisions

- Providers should be proactive
  - Produce analytics on patient/consumer population
  - Comparing and contrasting outcomes & quality reports

- Technology measures to implement in your community
  - Patient portal solutions to utilize blue button and view, download & transmit (VDT) functionality
  - eMail calendar invitations, phone & “text” reminders
  - Customized (automatic) patient education materials that incorporate video and “smart” self-help tools
The Evolution

<table>
<thead>
<tr>
<th>EHR Adoption</th>
<th>Meaningful Use</th>
<th>Accountable Care</th>
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<tbody>
<tr>
<td>30%+ have comp. EHRs</td>
<td>Training &amp; usability are key</td>
<td>Quality Reporting</td>
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<tr>
<td></td>
<td>300,000+ care providers est. to achieve MU incentive</td>
<td>Outcomes-based Payments</td>
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<tr>
<td></td>
<td>If you don’t qualify, use MU criteria as a “playbook”</td>
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...essential building blocks for a sustainable healthcare system
Accountable For What?

- Electronification / Health IT & EHR Utilization
- Interoperability
- Coordinating Care (with Care Team)
- Best Practices
- Quality Improvement/ Outcomes Improvement
- Patient Education
- Patient Satisfaction
- Cost Containment
- Cost Reduction (to increase Shared Savings)
IDC 2012 Health Predictions

- Legal and Political Challenges to Health Reform Will Not Derail the Fundamentals of ACO Development
- **Successful Accountable Care Organizations Will Emerge from Private or Public-Private Initiatives**
- Vendor Solutions Will Converge to Support Health Information Exchange, Care Management, and Analytics
- The Success of Accountable Care Will Depend on Accountable Consumers
- Health and Wellness Programs Will Become Social and Mobile to Engage Consumers
- The Next Generation of Consumer Engagement Will Leverage Consumers' Social Graphs
- Innovative Healthcare Organizations Will Explore Virtual Caregivers
- The HIE-Enabled, Highly Functional Provider Portal Will Supplant PHR Efforts
- Bring Your Own Mobile Device Will Gain Popularity
- Proliferating Self-Service Technology Will Result in Big Data Explosion
Eligible ACO Membership

Medicare, Medicaid & Commercial Models

- Primary care physicians, specialists, nurse practitioners and clinical nurse specialists in group practice arrangement
- Networks of individual practices of ACO professionals
- Partnership of joint venture arrangements between hospitals and ACO providers
- Hospitals systems employing ACO providers
- FQHC, CHC, RHC facilities, eligible Critical Access Hospitals, and home health networks
Accountable Care Models

*Optional entities that can be a part of any of these models

ACO Model 1
- Home Health
- PCP Group
- Specialty Group

ACO Model 2
- Community Hospital
- Mental Health Facility
- PCP Group
- Home Health Services
- Specialty Group

ACO Model 3
- Hospital
- FQHC
- Multi-Specialty Group Practice

Interoperability
Health Information Exchange
Data Liquidity
The numbers of ACOs sponsored by physician groups have grown by 500% between September of 2011 and 2012.

According to ACO 2012: The Train Has Left The Station. Leavitt Partners, Center for Accountable Care Intelligence
The dominant models for ACOs are single and multiple provider groups, due to an increased interest to share risk.
Public & Private Participation

- Public: 130
- Private: 169
- Combination: 29
Payment Arrangements

- Shared Savings (Updside Only): 53%
- Fee-For-Service: 38%
- Shared Savings (Up & Downside): 38%
- Capitation: 25%
- Episodic Bundled Payments: 18%
Patient-Centered Medical Homes: Foundation for ACOs

- **Major goals and purpose:**
  - Increase patient engagement and enhance coordinated care
  - Improve care quality and eliminate wasteful procedures

- **PCMHs must adhere to a set of performance guidelines such as:**
  - Enhanced access and continuity
  - Providing self-care and community support resources
  - Improved performance overall

- **National Committee for Quality Assurance (NCQA) is the top certification body for provider organizations**
  - NCQA’s PCMH Program: [http://tiny.cc/x3zmiw](http://tiny.cc/x3zmiw)
Commercial ACO Initiatives

- Every major carrier has an ACO-type plan
  - Aetna, Blue Cross Blue Shield, Cigna and Anthem/Wellpoint
  - Meet quality improvement and cost reduction criteria to receive benefits

- Various approaches utilized across the board
  - Shared Savings, Shared-Risk, Partial Capitation

- Cigna has 22 programs in 13 states
  - Serving 270,000 customer/patients
  - Primary care, multi-specialty, IDNs, physician-hospital organizations
  - Partners In Care, an ACO based in Central New Jersey with 14,000 members, is striving to achieve the “triple aim” of improved health outcomes, lower costs and increased patient satisfaction
Medicaid ACO Initiatives

Major goal:
- Reduce the inappropriate utilization of high-cost emergency care
- Create “best practices” such as preventing one hospital readmission within a specific patient population to pay for a parent for 3 years

State efforts vary; but three common characteristics include:
- Organizations assume responsibility for a defined population of patients
- Participants are held accountable through payments linked to value
- Accountability facilitated by reliable performance measurements

Varying Medicaid state structures influenced by:
- Individual states’ experience with managed care and delivery models
- Low-income and chronically ill population needs
Medicaid ACO State Plans

The following states are implementing ACO Models:
- Arkansas, Colorado, Maine, Minnesota, New Jersey, Ohio, Oregon & Utah

The following states are researching ACO program design:
- Massachusetts, North Carolina, Oklahoma, Texas & Vermont

A leading Medicaid ACO model at work:
- Partners for Kids, an ACO in Columbus, Ohio area
  - 950,000 patient visits per year & 20,000 inpatient admissions
  - Managing the care of 290,000 at-risk children on Medicaid
  - Largest Pediatric ACO in America

http://www.chcs.org/usr_doc/Medicaid_ACO_LC_Overview.pdf
http://nashp.org/state-accountable-care-activity-map
Medicare ACO Initiatives

- **147 MSSP ACOs** voluntarily coordinate care to Medicare patients
  - **Accountable Care Coalition of Texas** an ACO comprised of IPAs, medical groups and health systems, serving nearly 70,000 beneficiaries

- **32 Pioneer ACOs** actively seek to improve patient care
  - **Sharp Healthcare ACO** is comprised of an IPA, medical groups, multi-specialty practices, and hospitals with over 56,000 members

- **20 Advance Payment ACOs** have been awarded upfront payments to design care coordination infrastructure for smaller models
  - **North Country ACO** is comprised of hospitals, home health agencies, mental health centers, emergency services, and physician practices

Shared Savings Final Rule: Broadens Participation

- Flexible start dates – April 1, 2012; July 1, 2012; January 1, 2013
- Maintains 5,000 patient minimum; 3-year commitment
  - Many commercial plans are similar
- Expands participation by Specialists, Nurse Practitioners, FQHCs, RHCs & CHCs
- Allows providers to participate in more than one ACO (if the provider bills through more than one hospital)
- CMS to provide Parts A,B,D & claims data to ACOs to create baseline benchmarking
Integrating the Patient

- Combining care processes with patient expectations
- Improves patient adherence, satisfaction & enrollment

Care processes: Evidence-based team plan for:

- Surgical procedure, care transition, preventive care, cost containment, low readmission
- Utilizing EHR, PHR, and case management software
- Example: EHR clinical extracts & HIE for specific reporting requirements (home health, skilled nursing) CMS data
- Beacon Community Model – information systems supporting care processes matched with performance goals exist
Assess your Organization

- Utilize Health IT to increase care coordination in your community
  - Focus on the importance of EHRs & meaningful use as a foundation
  - Standards-based interoperability

- Evaluate beneficiary volume in your organization and research if expansion strategies are warranted:
  - Partnering with local practices and hospitals
  - New organizational structures emerging

- Research the average cost for episodes of care
  - Medicare is sharing cost data; Inquire with commercial payers as well
  - Knowledge is power when negotiating with payers
Community Accountability

- **Assess relationships in your community with peers, associations, payers, employers & health systems**
  - Evaluate current and potential future opportunities

- **Benchmark yourself against regional and national peers**
  - Understand how you rate in outcomes, costs, etc..

- **Ensure you create a network with the best providers possible:**
  - Providers will be accountable for the level of care their peers provide
  - Ultimately, you will care who is in your “network”

- **Evaluate interoperability to effectively share patient data**
Do I Join or Form an ACO?

Ask yourself the following questions:

- What is my organization’s 3- to 5-year operating or growth plan?
- Do I have an ACO-Ready Community?
- Can I create an ecosystem that is ACO-Ready?

If you are approached by an accountable care program or ACO:

- What are the financial or strategic incentives to join?
- Will you have access to bi-directional data and interoperability?
  - Legacy vs. innovation?
  - Standards-based interoperability?
- What data requirements are being asked of you?
- Are agreements binding or non-binding?
Accountable Care Positioning

- Assess EHR, interoperability & overall technology infrastructure
- Assess beneficiary patient volume; patients can opt in/out voluntarily
- Engage peers, associations, payers, employers & health systems in your community
- Identify CMS, commercial or combined care coordination/ACO opportunities
- Don’t wait; ACOs, Accountable Care & “At-Risk” communities are forming today around the country
Additional Resources

Greenway’s Government Affairs Updates

- Accountable Care Strategies (http://tiny.cc/m2nsfw)
- Gov’t Affairs (http://bit.ly/y5XArU)

Important Government & HHS Sites

- CMS Innovation Center (http://www.innovations.cms.gov/)
- HHS Breach Notification Rule (http://tiny.cc/xytg5)
- HHS Privacy Rule (www.hhs.gov/healthprivacy/)

Agency ACO Sites

- Medicare ACO Final Rule (http://tiny.cc/pem0cw)
- CMS Educational Events Page (http://tiny.cc/aszkn)
- CMS ACO/ Shared Savings Page (http://www.cms.gov/sharedsavingsprogram)
Questions or Comments?

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