

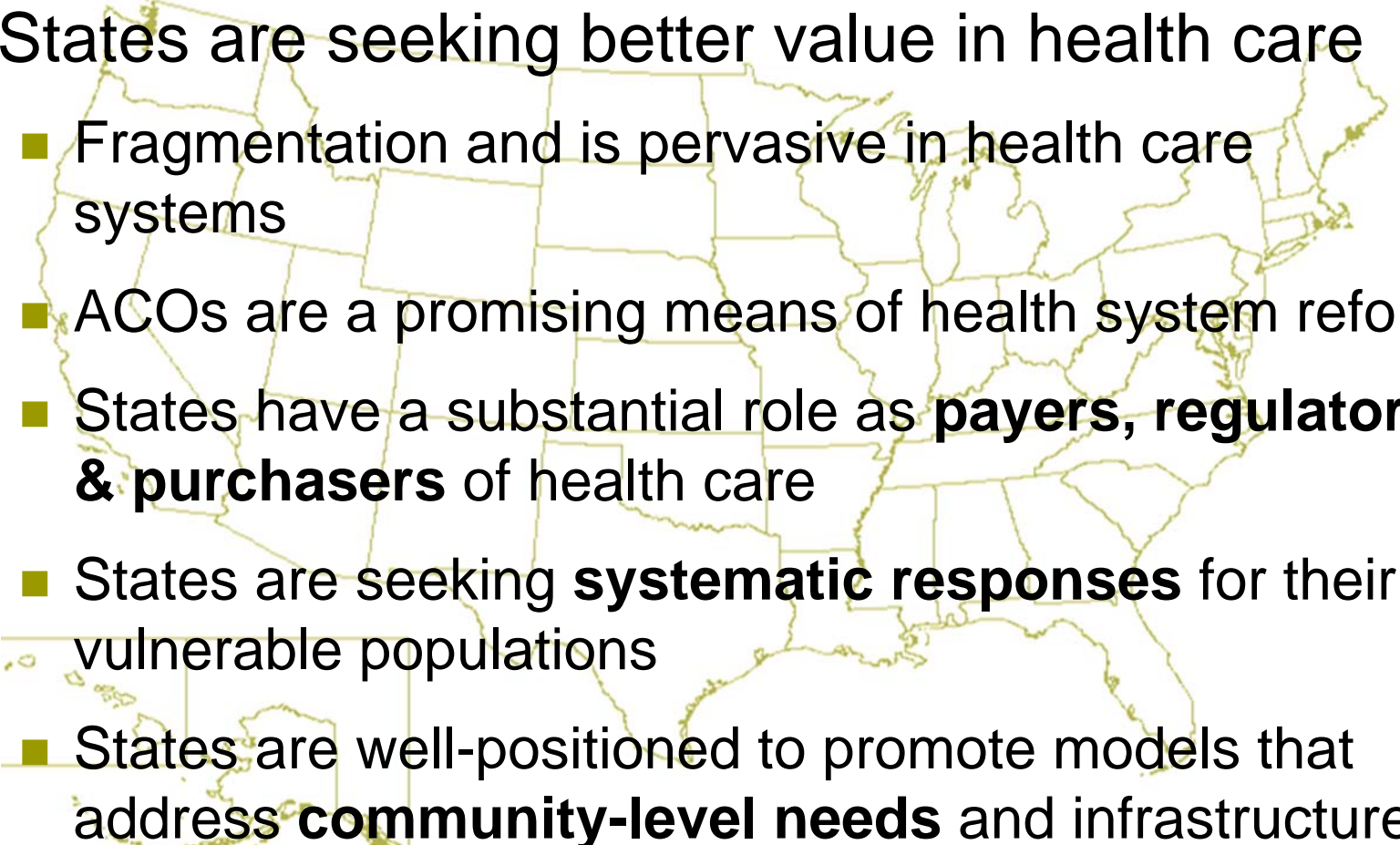
State Roles in Promoting Accountable Care Organizations and Medical Homes

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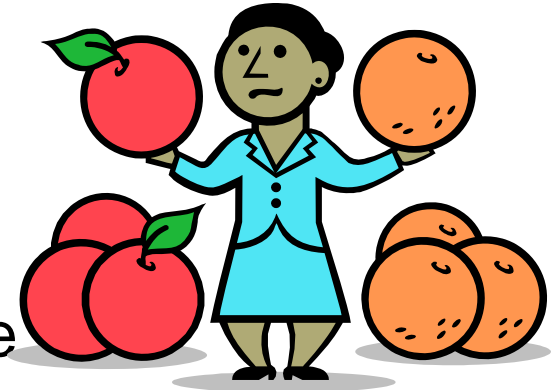
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Why States are Looking to Promote ACOs and PCMHs— Better Value!

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- States are seeking better value in health care
 - Fragmentation and is pervasive in health care systems
 - ACOs are a promising means of health system reform
 - States have a substantial role as **payers, regulators, & purchasers** of health care
 - States are seeking **systematic responses** for their vulnerable populations
 - States are well-positioned to promote models that address **community-level needs** and infrastructure

What is an ACO?

- ACOs take on a variety of forms
- Key principles:
 - Payment reform that promotes value
 - Includes shared savings model based on targeted savings using a global, prospective, budget
 - Performance measurement using timely and accurate data allowing for quality and cost accountability
 - Delivery system reform that promotes integrated, organized processes for improving quality and controlling costs



Our Research

□ *On the Road to Better Value: State Roles in Promoting Accountable Care Organizations*

ON THE ROAD TO BETTER VALUE: STATE ROLES IN PROMOTING ACCOUNTABLE CARE ORGANIZATIONS

■ Purpose of report:

- Discuss the levers, strategies, and resources being used by states to support ACOs
 - Encourage collaboration among states to coordinate initiatives
 - Stimulate consideration of ACOs at the state level
- ### ■ Profiles from six states: CO, MA, MN, OR, WA, VT
- ### ■ Structured interviews with 14 key state policy makers, ACO national thought leaders, & health care providers

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State Roles in ACO Development: Key Components

Data

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Design and promotion of new payment models

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Accountability measures

.....

Identification and promotion of systems of care

.....

Support for a continuum of care &
the medical home model

**States play a critical role in each of these
key ACO components**

State Roles: Designing and Promoting Data

- Unique capability of states to **gather, analyze & share** data that cuts across providers and payers
 - Data disclosure mandates
 - Data shields from competitors
 - Promotion of transparency in cost-reporting
- 6 states using role as data-broker to develop all-claims all-payer databases
 - VT: Vermont Information Technology Leaders (VITL)



State Roles: Designing and Promoting Data



- States are providing leadership & funding to develop new data capabilities
 - Ex. multi-payer databases to assist in the collection of health care data
- States are at the data frontline thanks to the American Recovery and Reinvestment Act
 - State Health Information Exchange Cooperative Agreement Program
 - Medicaid Electronic Health Record Incentives Program
 - Regional Extension Centers

State Roles: Designing & Promoting New Payment Models

- Convening stakeholders
 - “State Actions Doctrine” allows for antitrust protections facilitating the convention of payers and providers

State Actions Doctrine: permits some “anti-competitive” activities if actions are:

- 1) in furtherance of a clearly articulated state policy, **and**
- 2) actively supervised by the state.

4 achieving a truly sustainable health care delivery system.
5 (2) The legislature declares that collaboration among public
6 payors, private health carriers, third-party purchasers, health care
7 delivery systems, and providers to identify appropriate reimbursement
8 methods to align incentives in support of accountable care
9 organizations is in the best interest of the public. The legislature
10 therefore intends to exempt from state antitrust laws, and to provide
11 immunity from federal antitrust laws through the state action doctrine,
12 for activities undertaken pursuant to pilots designed and implemented
13 under section 2 of this act that might otherwise be constrained by such

WA: ACO Pilot Projects, Ch. 220, Session Laws of 2010

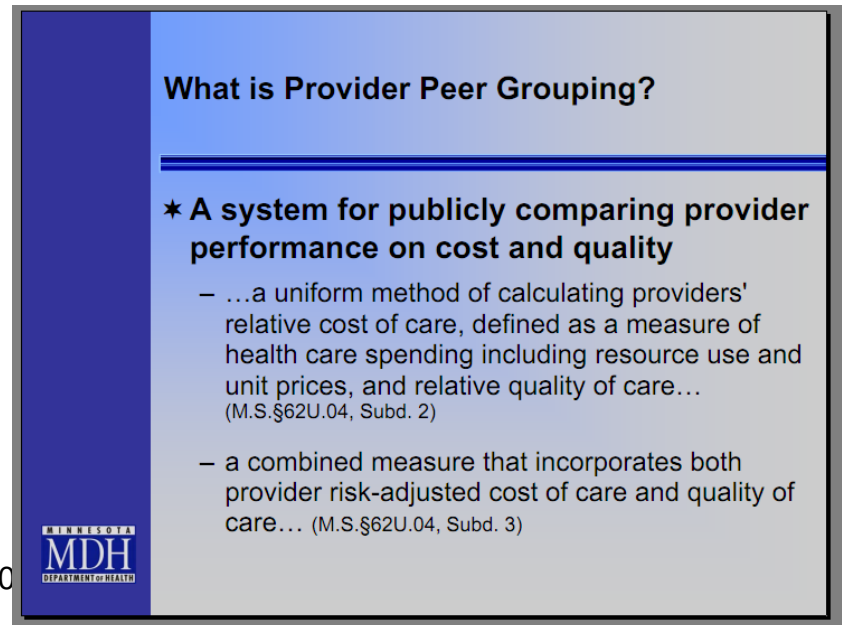
State Roles: Designing & Promoting New Payment Models

- States are...
 - Creating pilots and funding initiatives
 - WA: Adaptation of medical home pilot payment models for ACO pilot
 - Using their purchasing power
 - Purchaser of Medicaid, state employer coverage
 - OR: Oregon Health Authority
 - Bringing Medicare to the table
 - VT: Plan to expand Medicare involvement from the Medical Home Initiative into Advanced Primary Care Demo; anticipate doing the same for ACO pilot



State Roles: Fostering the Use of Accountability Measures

- Adopting statewide requirements to lead design of accountability measures
 - Ex. mandates of quality reporting standards
 - MN: “Provider Peer Grouping”



What is Provider Peer Grouping?

*** A system for publicly comparing provider performance on cost and quality**

- ...a uniform method of calculating providers' relative cost of care, defined as a measure of health care spending including resource use and unit prices, and relative quality of care... (M.S.§62U.04, Subd. 2)
- a combined measure that incorporates both provider risk-adjusted cost of care and quality of care... (M.S.§62U.04, Subd. 3)

MINNESOTA
MDH
DEPARTMENT OF HEALTH

Minnesota Dept. of Health Slides for May 10, 2010
Conference Call on Provider Peer Grouping
<http://www.health.state.mn.us/healthreform/peer/index.html>

State Roles: Fostering the Use of Accountability Measures

- Leveraging funding to set new standards
 - Significant purchasing power
 - CO: Performance-based Medicaid contracts
 - Tying standard to state-funded initiatives:
 - VT: adaptation of NCQA medical home standards for use in ACO initiative
- Convening stakeholders to develop measures
 - OR: Health Incentives and Outcomes Committee includes providers, payers, employers, advocates



State Roles: Identifying and Promoting Systems of Care

- States are using a continuum of strategies to identify and/or foster ACOs
 - These range from very direct approaches of system identification & establishment to the facilitation of community-level activities

Table 5: A Spectrum of State Activity to Create Systems of Care

Identification and Designation of Systems of Care

Colorado: Regionalization of Medicaid program into coordination organizations

Vermont: ACO pilots through regionally distributed hospital systems

Oregon: Health reform efforts designed to enforce communities of care

Washington: Promotion through information sharing and the convention of stakeholders and experts

Promotion of Systems of Care

Support for a Continuum of Care ACOs and PCMHs

- Primary Care is at the heart of accountable care
 - Reduction of high-cost care means the promotion of primary and preventive care
 - VT: ACO Feasibility Study

According to a recent NASHP survey, 31 states are currently engaged in patient centered medical home initiatives

Broad scope of service coordination. First, the ACO must be able to manage the full continuum of care settings and services for its assigned patients. Though the details of exactly how to best to do this will vary, Vermont has recommended that the ACO implement a patient-centered medical home approach to primary care as a basic building block for care coordination and to reinforce the ties of patients to their primary care providers. The Community Health Team, which is included in the Vermont Enhanced Medical Home pilots, is an innovative approach to coordinating both care and preventive

Support for a Continuum of Care

ACOs and PCMHs

- ❑ PCMHs & ACOs are not mutually exclusive nor are they mutually dependent—**there are synergies**
- ❑ Like for PCMHs, ACO savings can be reinvested in the community
- ❑ Accountable care model seeks “system-ness” beyond the medical home

PCMHs can be a diving off point from which states can create

ACOs

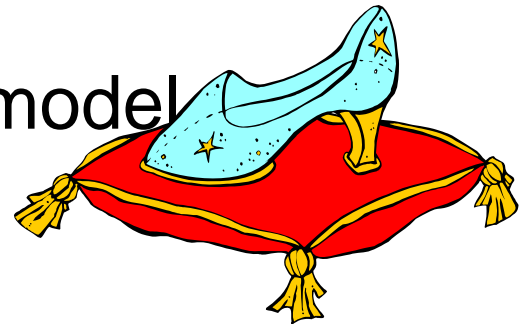


State Opportunities for ACO Development in Federal Health Reform

- Enormous opportunities available to states to transform the delivery system
 - Medicare shared-savings program
 - Pediatric ACOs
 - Center for Medicare and Medicaid Innovation
- States can leverage the activities of interested providers
- States can provide input and lessons learned in the regulatory process
- Exchanges provide opportunities for states to promote ACOs

Key Themes on State Roles in ACO Development

- ❑ Build on other state health reform initiatives
- ❑ Lay the foundation by improving primary care
- ❑ Look for community-based and regional opportunities
- ❑ Establish pilots to test new models
- ❑ Use legislation as a tool to develop efforts
- ❑ Build stakeholder support
- ❑ ACOs are not a “one-size-fits-all” model



Thanks to...

NASH



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Christina Miller
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For further information...

Purington, K., Gauthier, A., Patel, S. *On the Road to Better Value: State Roles in Promoting Accountable Care Organizations*,
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