

The National Accountable Care Organization Congress

October 25, 2010

Chris Wing

**Executive Vice President and Chief Operating Officer
HealthCare Partners, LLC**

ACO Goals

“The three most important things about real estate are location, location, location.”

-Virtually every real estate agent on earth

ACO Goals

“The three most important things about ACOs will be affordability, affordability, affordability.”

**-Virtually every purchaser of healthcare
in the United States**

What Is An ACO?

- An Accountable Care Organization (ACO) is an organization that can provide primary care, specialty care, and inpatient care for a population of patients.
- ACO participants are collectively willing and able to take responsibility for the outcomes of care and the costs associated with delivering the entire continuum of care for the patient.

An Effective ACO: Our Perspective

**Size Matters:
A small ship
struggles
in a big sea.**



An Effective ACO: Our Perspective

An ACO needs critical mass to be effective.



HealthCare Partners

- One of the largest medical groups in the nation
- Physician-owned
- Serving more than 1,000,000 patients in California, Florida, and Nevada
- Includes 165,000 Medicare Advantage members and nearly 500,000 commercially insured primarily through global capitation

HealthCare Partners' Vision

HealthCare Partners will be the role model for integrated and coordinated care, leading the transformation of the national healthcare delivery system to assure quality, access, and affordable care for all.

Opportunity-Rich Environment

The current system isn't working:

- **Significant Waste:** The US spent \$2.3 trillion on healthcare in 2008 (CMS). As much as 30% of that may be wasted. (Institute of Medicine, 2002; New England Healthcare Institute, 2008)
- **Gaps in Quality:** Only 56% of patients with chronic conditions receive the care recommended for their condition. (Rand, 2005)
- **Lack of Coordination:** Medication errors injure more than 1.5 million people annually. (Institute of Medicine, 2006)



An Effective ACO: Our Perspective

Three critical changes are needed:

1. Better alignment of physician, hospital, and member incentives with desired results
2. Care management interventions to prevent medical problems from escalating
3. Robust technology to support incentive programs and care management interventions

Economic Incentives Are Critical

“Money Talks”



ACO Physician Incentives

Options for Payment Reform:

Simple Shared Savings

- No risk for spending over the benchmark
- 2% threshold before savings can be distributed
- Shared savings split of 50/50
- Likely, a time-limited option

Shared Savings + Symmetrical Risk

- Split of shared savings is 80/20, with symmetrical risk (withhold)
- Good option for established ACOs

Shared Savings + Partial Capitation

- 10%-50% capitation on ACO patient expenditures
- Shared savings split of remaining 50% – 90% based on risk relationship
- Good option for advanced systems



ACO Member Incentives

- **ID Card/ACO Identifier:** Physicians, and the patients themselves, need to know which patients are ACO members
- **Benefit Plans with Economic Incentive:** Needed to increase healthy behavior and compliance with treatment plans
- **Targeted Education:** “We have really good data that shows when you take patients and you really inform them about their choices, patients make more frugal choices. They pick more efficient choices than the healthcare system does.”
–Donald Berwick

ACO Hospital Incentives

- Long-Term relationship, not vendor
- Altered contracting methodologies
- Assistance in managing public programs
- Selective ACO referrals

Different Incentives from Current System



"FIRST, WE'RE GOING TO RUN SOME TESTS TO HELP PAY OFF THE MACHINE."

Care Management Interventions

“Every system is perfectly designed to achieve exactly the results it achieves. If we want new results—and we do—we need a new system.”

-Donald Berwick

We need systems for monitoring patients' health and illness and intervening before something catastrophic happens.



HealthCare Partners.

Medical Group and Affiliated Physicians

Care Management Interventions

- **Preventive care and health coaching**
- **Point-of-Care reminders**
- **Patient and physician education**
- **Care management for the chronically ill**
- **Hospitalist program**



HealthCare Partners.

Medical Group and Affiliated Physicians

Technology

“Once a new technology rolls over you, if you’re not part of the steamroller, you’re part of the road.”

-Stewart Brand

ACOs must invest in the appropriate technology to enable economic incentives and care management interventions.

Technology

HealthCare Partners has implemented:

- Electronic referral system and claims processing in 2002
- Physician portal and electronic reporting on patients due for screenings, immunizations, etc. in 2005
- Initial adoption of electronic medical record in 2006
- Disease registries for care management interventions in 2007

Keys To ACO Success



**Aligned
Incentives**

+



**Care
Management
Interventions**

+



**Robust
Technology**



HealthCare Partners.
Medical Group and Affiliated Physicians

There Is Hope

“There is no medicine like hope, no incentive so great, and no tonic so powerful as expectation of something tomorrow.”



- Orison Swett Marden

**Let's get started today,
so we can have hope
for tomorrow.**