Second National ACO Summit:
Moving Towards Value-Based Health Care

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National health care spending continues to grow

Health care spending projected to nearly double in the next 10 years
- $2.5 trillion in 2009 to $4.5 trillion in 2019
- 17.6% of GDP in 2009 to 19.6% of GDP in 2019
- CBO’s 2011 Long-Term Budget projects two different spending scenarios
  - Extended-baseline scenario: federal health care spending growing from 6.9% of GDP in 2021 to 9.4% of GDP in 2035
  - Alternative fiscal scenario: federal health care spending growing from 7.1% of GDP in 2021 to 10.4% of GDP in 2035

![Chart showing health care spending as a percent of GDP from 2010 to 2080, with categories for All Other Health Care, Medicaid, and Medicare.](chart.png)

SOURCE: CBO
Critical time for accountable care: real implementation across the country
Learning and leading through implementation: Brookings-Dartmouth ACO pilot sites

<table>
<thead>
<tr>
<th>Payor partners</th>
<th>Performance measurement</th>
<th>Downside risk?*</th>
<th>Other clinical transformation &amp; reform efforts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norton Healthcare</td>
<td>B-D ✔ ✔</td>
<td>✔ ✔</td>
<td>• Electronic data feeds and dashboards; ambulatory access pilots; CER pilots</td>
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<tr>
<td>HealthCare Partners Medical Group</td>
<td>B-D ✔ ✔</td>
<td>✔ ✔</td>
<td>• Homebound program; disease mgmt programs; MD incentives; care reminders</td>
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<tr>
<td>TMC Healthcare</td>
<td>B-D ✔ ✔</td>
<td>✔ ✔</td>
<td>• Level 6 (of 7) EHR capacity; 3rd party analytics and HIE platform; medical home</td>
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<tr>
<td>Monarch HealthCare</td>
<td>IHA ✔ ✔</td>
<td>✔ ✔</td>
<td>• EHR deployment in process; patient registries</td>
</tr>
<tr>
<td>Carilion Clinic</td>
<td>TBD ✔ ✔</td>
<td>✔ ✔</td>
<td>• Enterprise-wide EHR; P4P; outcome reporting; physician compensation</td>
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*All pilots plan to introduce downside risk within five years
Wide variety of possible models for ACO implementation

<table>
<thead>
<tr>
<th>Integrated Delivery System</th>
<th>Multispecialty Group Practice</th>
<th>Physician-Hospital Organization</th>
<th>Independent Practice Association</th>
<th>Regional Collaborative</th>
</tr>
</thead>
<tbody>
<tr>
<td>One or more hospitals &amp; large group of employed physicians</td>
<td>Strong physician leadership</td>
<td>Joint venture between one or more hospitals &amp; physician group</td>
<td>Small physician practices working together as a corporation, partnership, professional corporation or foundation</td>
<td>Independent or small providers</td>
</tr>
<tr>
<td>Insurance plans (some cases)</td>
<td>Contract with multiple health plans</td>
<td>Vary from focusing contracting with payers to functioning like multi specialty group practices</td>
<td>Often contract with health plans in managed care setting</td>
<td>Leadership may come from providers, medical foundations, non-profit entities or state government</td>
</tr>
<tr>
<td>Aligned financial incentives, advanced health IT, EHRs, &amp; well-coordinated team-based care</td>
<td>Developed mechanisms for coordinated care (sometimes arranged through another partner)</td>
<td>Many require strong management focused on clinical integration &amp; care management</td>
<td>Individual practices typically serve non-HMO clients on a standalone basis</td>
<td>Sometimes in conjunction with health information exchanges or public reporting</td>
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Advancing payment models to support improved performance

• **Core payment reform: shared savings when quality improves**
  – Benchmark based on per-capita spending for assigned patients
  – If actual spending lower than target AND quality measures improve, providers receive additional payments

• **Going further**
  – Transitions to “two-sided risk” and partial capitation

[Graph showing spending over time with labels for ACO Launched, Actual, Target, and Projected.]
Measuring and rewarding performance

Measures should be outcome-oriented, span population and continuum of care, and become more sophisticated along with care capabilities.

- Create consistent, actionable information on quality and utilization for providers to make improvements.
- Establish a foundation for public reporting of quality and utilization.
- Assure patients and payers that shared savings are earned through meaningful delivery system reform.
- Reward providers for delivering high-quality, coordinated, patient-centered care.

Meaningful Performance Measurement
Core competencies for ACO implementation

1. Use and invest in **health IT** that supports measurement for both improvement and accountability

   Develop **care management** programs that allow teams comprised of nurses, pharmacists and other health professionals to maintain health while preventing costly complications of chronic diseases

2. **Coordinate care** – especially for the frail elderly or for those with multiple chronic conditions – across clinicians and sites of care

3. Create **governance and leadership** structures that can strategically deploy the resources and project management required to implement new models of care
Steps to get there: ACO implementation lessons

Develop a process
- Use data to inform a move towards value and identify a payer-partner to initiate discussions
- Develop an implementation plan that identifies opportunities to improve care delivery and population management
- Launch initiatives that reinforce payment changes (PCMHs, episode-based payments)
- Implement reforms with a long-term contract to ensure success

Secure ongoing commitments
- Commit to ongoing adjustments to the ACO contract – from both payers and providers
- Harmonize the assets of both payers and providers
- Receive commitments from the payer for: timely data, management of insurance risk, and possibly sharing of performance risk

Distinguish risk from uncertainty
- Develop realistic estimates of ACO start-up costs
- Review past data to understand organizational performance
- Align on clear and realistic expectations for both quality and costs
The CMS Innovation Center announced the ACO Pioneer Model demonstration for approximately 30 organizations already experienced in coordinating care and bearing risk to transition from a FFS to a population-based payment system through escalating levels of financial accountability. Letter of intent due Thursday, June 30th 2011; applications due Friday, August 19th 2011.

CMS is establishing a shared savings program to facilitate coordination and cooperation among providers to improve the quality of care and reduce costs for Medicare FFS beneficiaries. CMS has received over 1,200 comments on the proposed MSSP rule and is now reviewing them.
Create a clear path forward and reinforce support for accountable care

<table>
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<tr>
<th>Key ACO Design Elements</th>
<th>Brookings-Dartmouth key recommendations for the MSSP</th>
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<tbody>
<tr>
<td>Effective and aligned leadership, governance, organizational structure</td>
<td>1. Reduce administrative burden and implementation costs, and offer greater flexibility to allow existing organizations to participate</td>
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<tr>
<td>Health IT infrastructure that enables data-drive decision making</td>
<td>2. Optimize data-sharing, assignment, notification, and benchmarking to support patient-centered care</td>
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<td>Quality improvement and measurement</td>
<td>3. Build a sustainable pathway to improving quality</td>
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<td>New payment models that reward value</td>
<td>4. Increase early rewards relative to costs</td>
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<td>Alignment with other reforms</td>
<td>5. Reduce uncertainty by providing predictive data and a longer window before risk-bearing</td>
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<td></td>
<td>6. Better leverage and align with other private and public initiatives</td>
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Multi-payer efforts critical to successful ACO formation

Successful ACOs will need support from CMS, private payers, and states
ACOs are synergistic with other reforms
Synergy in payment reform

**Aligned Performance Measures**
- Quality (Including Impact on Outcomes, Population Health)
- Cost/Efficiency Impacts

**Aligned Reform Priorities and Support**
- Chronic disease management, care coordination, major specialty care
- Timely data for patient care
- Supportive health plan and regional systems

**Value-based payment reform**

**Aligned Payment Reforms**
- HIT Meaningful Use
- Payments for Reporting/Performance
- Medical Homes
- Episode Payments
- Accountable Care Others

**Sufficient Scale**
- Sufficient capital to provide time, effort, and technical support for real delivery change (payers, providers-including physicians, equity)
- Strategy for using and augmenting Federal payments
- Systemwide leadership: regional collaborations; business groups; states; Federal government?
Second National ACO Summit: Day 1

Monday, June 27, 2011

8:30 a.m. – 9:00 a.m.  Secretary Sebelius: Transforming Medicare with Accountable Care

9:15 a.m. – 10:45 a.m.  Core Competencies of Successful ACOs

10:45 a.m. – 12:15 p.m.  Models for ACO Implementation

1:15 p.m. – 5:30 p.m.  Advancing Payment Models to Support Improved Performance

1:15 p.m. – 5:30 p.m.  Multi-Payer ACOs

1:15 p.m. – 5:30 p.m.  ACO Legal Issues

1:00 p.m. – 5:30 p.m.  Health IT and Delivery System Reform

5:30 p.m. – 7:00 p.m.  Networking Reception
Second National ACO Summit: Day 2

Tuesday, June 28, 2011

9:00 a.m. – 12:00 p.m.  Clinical Transformation
9:00 a.m. – 12:00 p.m.  Performance Measurement
9:00 a.m. – 12:00 p.m.  Payment Models and Patient Assignment
9:00 a.m. – 12:00 p.m.  Funding ACO Start-Up Costs
1:00 p.m. – 3:00 p.m.   Fostering Better Care Coordination
1:00 p.m. – 3:00 p.m.   Other Providers Helping to Support ACOs
1:00 p.m. – 3:00 p.m.   Patient Notification in ACOs
3:30 p.m. – 3:45 p.m.   John Iglehart: Opportunities for Public-Private Partnerships
3:45 p.m. – 4:30 p.m.   Rick Gilfillan: Testing the Future of Accountable Care
4:30 p.m. – 5:00 p.m.   Elliott Fisher: The Next Steps for ACOs

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ACO Learning Network: moving ACO implementation forward through peer-learning

2009-10 ACO Learning Network
- >60 provider & payer organizations
- Focused on defining core ACO concepts
- Included webinars, ACO materials, and conference discounts

2010-11 ACO Learning Network
- >125 organizations from across the health care spectrum
- Spotlight ongoing examples of ACO implementation
- In-depth analysis of emerging Federal and State regulation

- Implementation-focused webinar series
- Member-Driven Conferences
- ACO Newsletter
- Web-based resources

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Thank you

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