Health information technology
Care management
Patient engagement
Health plan services



# Managing the ACO Balance Sheet: Financing the ACO Operations

Charles Kennedy, MD, MBA

Chief Executive Officer, Accountable Care Solutions, Aetna June 13, 2013



# **ACS Operating Model Functions**

### **ACS Value Generation**

## **Enablement:**

Creation, deployment, and continuous improvement of clinical programs, technologies, and innovations designed to reduce costs, improve quality, and innovate around convenience and differentiated health plan products and services

### Monetization:

Development of economic models, delivery system relationships, and health plan products and services which allow Enablement results to be monetized through products and services which leverage differentiated, lower costs of care

# **ACS Operating Model Functions**

Enablement requires a technology platform that supports current risk based operations and allows for a more tightly integrated set of clinical integration functions

# **Enablement:**

Creation, deployment, and continuous improvement of clinical programs, technologies, and innovations designed to reduce costs, improve quality, and innovate around convenience and differentiated health plan products and services

Leaders:
Gary Anthony
Bruce Henderson

### **Enablement Services:**

- 1. Care Management programs
  - A. In office
  - B. Inpatient
  - C. In home
- 2.Technology sales
- 3. Technology deployments
  - A. Integrated Solutions
- 4.Consulting services—
  - A. Change Management
  - B. Clinical Analytics
  - C. Quality Tracking
  - D. Innovation management
  - E. Learning Lab
  - F. Provider integration
  - G. On site clinical programs
- 5. Vendor Management

# **ACS Operating Model Functions**

Current monetization functions have an excessive reliance on contract discounts to achieve needed price points. Activities to allow actuarial sign off of clinical innovations are underway

### Monetization:

Development of economic models, delivery system relationships, and health plan products and services which allow Enablement results to be monetized through products and services which leverage differentiated, lower costs of care

Leaders:
Gary Thomas
Chris Day, Mike Redmond

### **Monetization Services:**

- 1. Health plan operations
- 2.Health plan care management
- 3. Joint ventures
- 4.Deal Management—
  - A. First Sale
  - B. Second Sale
  - C. Product pricing
  - D. Economic model management
  - E. MSSP
  - F. Pioneer Program
  - G. Actuarial
- 5. Claims management and TPA functions

# Introducing Aetna Accountable Care Solutions: Programs for Success in a Post Reform World

# **Programs for Success in a Post Reform World**

# Hospitals must become more integrated with a focus on population management, efficiency, and effectiveness

- Drive Medicare and Medicaid programs toward profitability via population based medicine and governmental payment innovation
- Become recognized leader in commercial marketplace for efficient, effective, convenient care delivery
- Diversify sources of profit through private label health plans, clinical research, and innovations

# Doctors, hospitals, and patients must fundamentally change what they do and how they do it

- Clinical integration for optimized workflows
- Technology that innovatively reduces cost, increases quality, improves convenience and access
- Care Management programs which empower the doctor patient relationship across populations and care continuum
- Relentless focus on prevention, early detection, outcomes

# Transition to a Sustainable Business Model



**Current environment** 



#### Patient -centered strategies

- Engage fee-for-service patients
- Provide convenient access to care
- Manage care of ACO/narrow-network participants



# Population health analytics

- Analyze claims dataIdentify high-risk groups
- Establish quality improvement
- opportunities

  Manage gaps in care



### Clinical transformation services

- Assess readiness for value-based care
- Identify efficiency opportunities
- Change processes to optimize outcomes
- Engage physicians



### Data aggregation and coordinated care

- Unite clinical, financial and operational data
- Real-time and predictive analytics
- Improve quality metrics



### Sustainable business model



### Financial impact:

The dual-model challenge:

- · Maximize fee-for-service revenue
- Build a sustainable, value-based model for the future



#### Technology impact:

- Legacy systems designed for encounter-based care
- Lack of integration
- Fragmented data
- Population insight not readily available



#### Leakage:

- · Challenge of keeping patients in network
- Loss of revenue due to patients going out of network



#### Fragmented health care system:

- · Siloed care delivery
- Lack of clinical integration
- · Reimbursement models reward volume
- Cultural shift needed for value-based care

A sustainable value-based business model requires total integration across the continuum of care which results in the following benefits:











Competitive narrow network



Value-based reimbursement



Clinically integrated networks



Market share growth supported by scalable operations

# Aetna's Accountable Care activity covers 60% of the U.S. Population

