



# Sixth Annual National ACO Summit

June 17-19, 2015

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THE SIXTH  
NATIONAL

# Accountable Care Organization Summit

## Track Four: Employer-Led Accountable Care Innovations

### Keynote

**William E. Kramer, MBA**

Executive Director for National Health Policy, Pacific Business Group on Health  
(Keynote, Moderator)

# Employer-Led Accountable Care Innovations

National Accountable Care Organization Summit  
Washington, DC  
June 18, 2015

Bill Kramer  
Executive Director, Health Policy



- Apple
- Facebook
- Google
- Hewlett Packard
- Microsoft
- Oracle
- ....



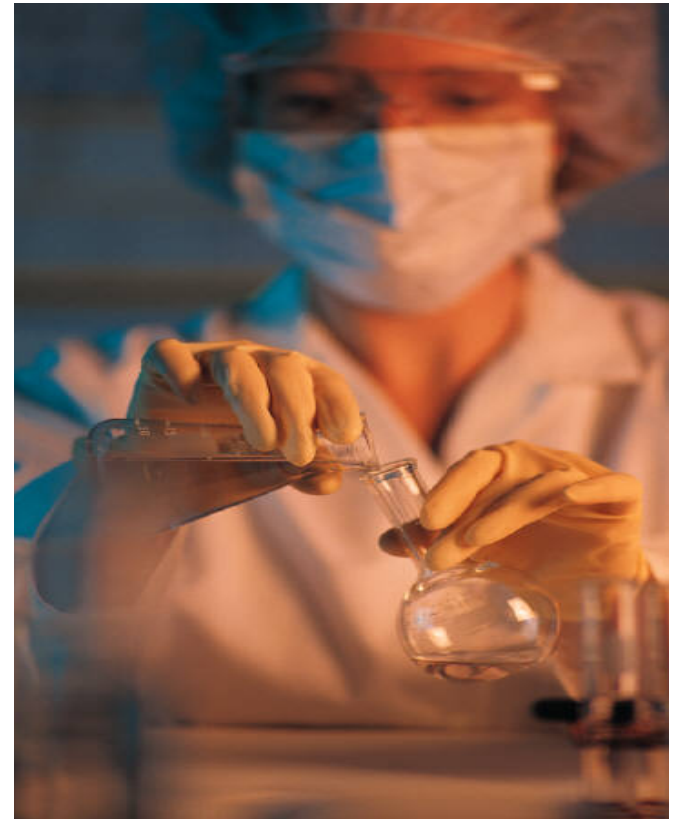
## What problems are employers trying to solve?

- Health care **costs** are too high, and the **quality** of care and patient experience are inconsistent.
- Employee health problems → higher **absenteeism**, lower **productivity**
- **Slow adoption** of successful innovations and new models of care



The health care industry is “in the throes of great disruption. . . the most significant re-engineering of the American health system . . . since employers began providing coverage for their workers in the 1930s.”

*(The Economist, March 6, 2015)*



# The Move to Value Payment and Accountable Care

## THE WALL STREET JOURNAL

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<http://www.wsj.com/articles/medicare-to-rework-billions-in-payments>

U.S. NEWS **The New York Times**

Medicare  
Pay

HHS Secretary

POLITICS

### Congress Approves Medicare Pay Cut for Doctors

By REUTERS MARCH 31

WASHINGTON — Legislation to overhaul Medicare payments to doctors is expected to pass in the coming weeks, but it will require a vote of the House of Representatives.

By a vote of 217-213 last week by the Republican-led House, the measure to sign into law.



HHS Secretary  
PHOTO: E

By LOUISIANA  
Updated

WASHINGTON

rework hundreds of billions of dollars in Medicare payments to doctors and hospitals in an effort to reduce waste and make older Americans healthier.

## BECKER'S Hospital CFO

### CPR SCORECARD ON Medicare Payment Reform

An independent review of Medicare payments, conducted by Catalyst for Payment Reform, revealed that **42 percent** of the fee-for-service (FFS) dollars Medicare paid to health care providers in 2013 were designed to boost the value of care patients receive.

**Fifty-eight (58) percent** of Medicare payments were through traditional FFS, paying providers for the amount of services they perform regardless of the quality or outcome. CPR did not examine the payment approach taken by Medicare Advantage (MA) plans as information about how these plans pay providers is not readily available.

The use of value-oriented payment is growing rapidly; now we need to determine when and how it improves the quality and affordability of health care.

### How Much Has Been Spent on Health Information Technology and Meaningful Use?

CPR categorizes health information (HIT) technology investments as payments for "non-visit functions." Such investments are made to improve health care quality and reduce the fragmentation of care for patients. HIT can help providers to track the data and health records of Medicare beneficiaries. The Electronic Health Record (EHR) Incentive Programs for eligible hospitals and professionals are meant to encourage meaningful use of EHR technology: hospitals and

A group of the top U.S. health systems, payers and stakeholders announced Wednesday the formation of the Health Care Transformation Task Force, a private-sector alliance aimed at accelerating the healthcare industry's transformation to value-based care.

REPRESENTS PAYMENTS THAT DO NOT PUT THE PROVIDER AT FINANCIAL RISK



REPRESENTS PAYMENTS THAT PUT THE PROVIDER AT FINANCIAL RISK



\*Overlapping drops represent an overlap in payments. For illustrative purposes only.

11.8%  
SHARED SAVINGS (MSSP)

32.8%  
Pay for Performance (HVBP/ESRD)

1.9%  
SHARED RISK (PIONEER)

85%

All Medicare FFS

All Medicare FFS

- HHS's **ambitious targets** and the **Health Care Payment Learning & Action Network** can accelerate the move toward value-based payment.
- **MACRA** (the SGR replacement bill) will encourage physicians to shift from FFS toward value-based payment.
- Key stakeholders – payers, providers, and public purchasers -- are now more **aligned** regarding the need for improved quality and affordability.
- **Purchasers** are taking a lead role

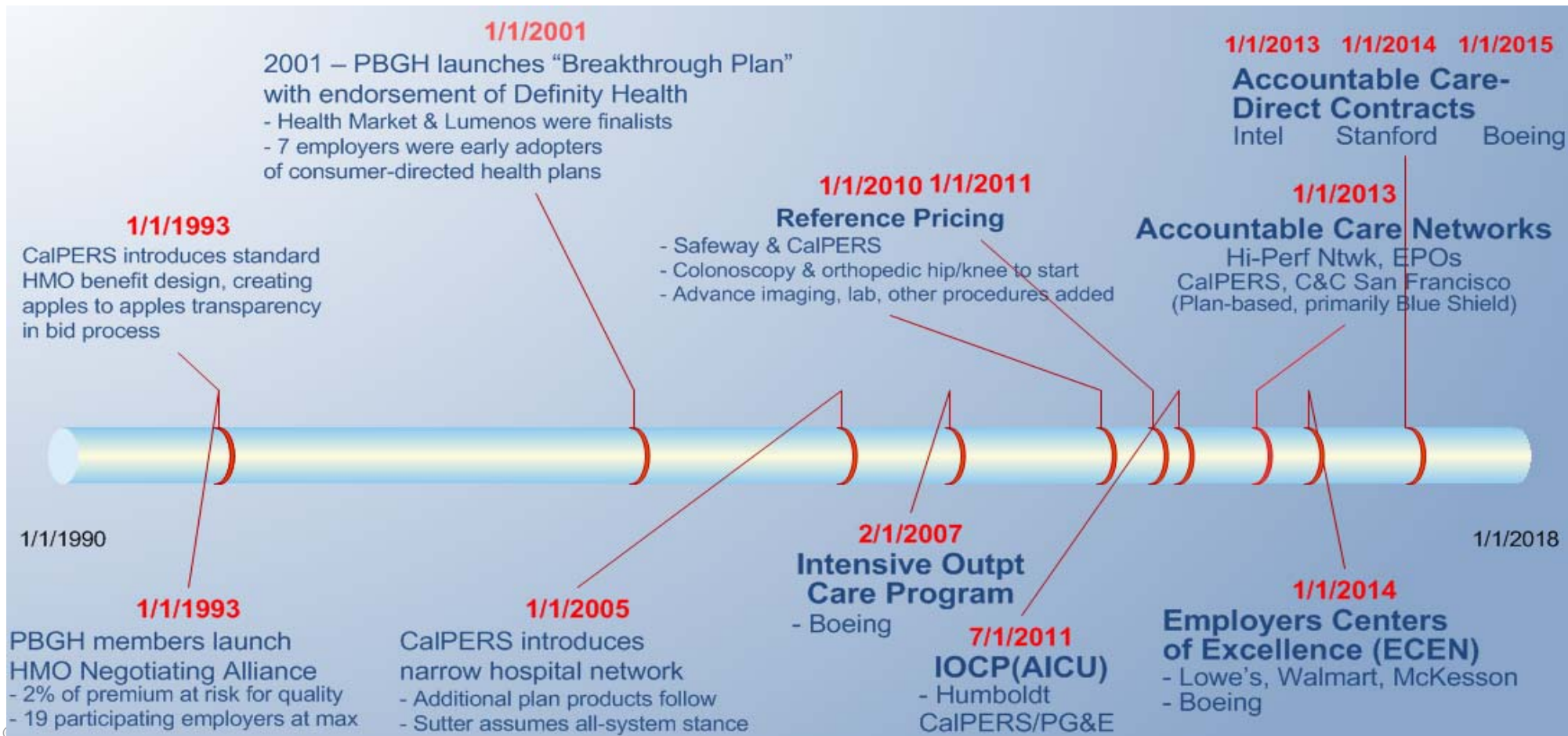


# Purchaser Focus is Shifting

Plan-Focused

Consumer-Focused

Provider-Focused



## One solution: Direct Contracting with providers

Goal: encourage providers to utilize evidence-based practice, manage to outcomes, increase transparency, provide appropriate care, seek efficiencies, compete on value

### Models:

- **Accountable Care Organizations**
- **Bundled payments for episodes of care**
- Primary care medical homes

# What is Accountable Care?

- Improve the individual experience of care
- Improve population health
- Reduce the cost of health care for populations

## Outcomes

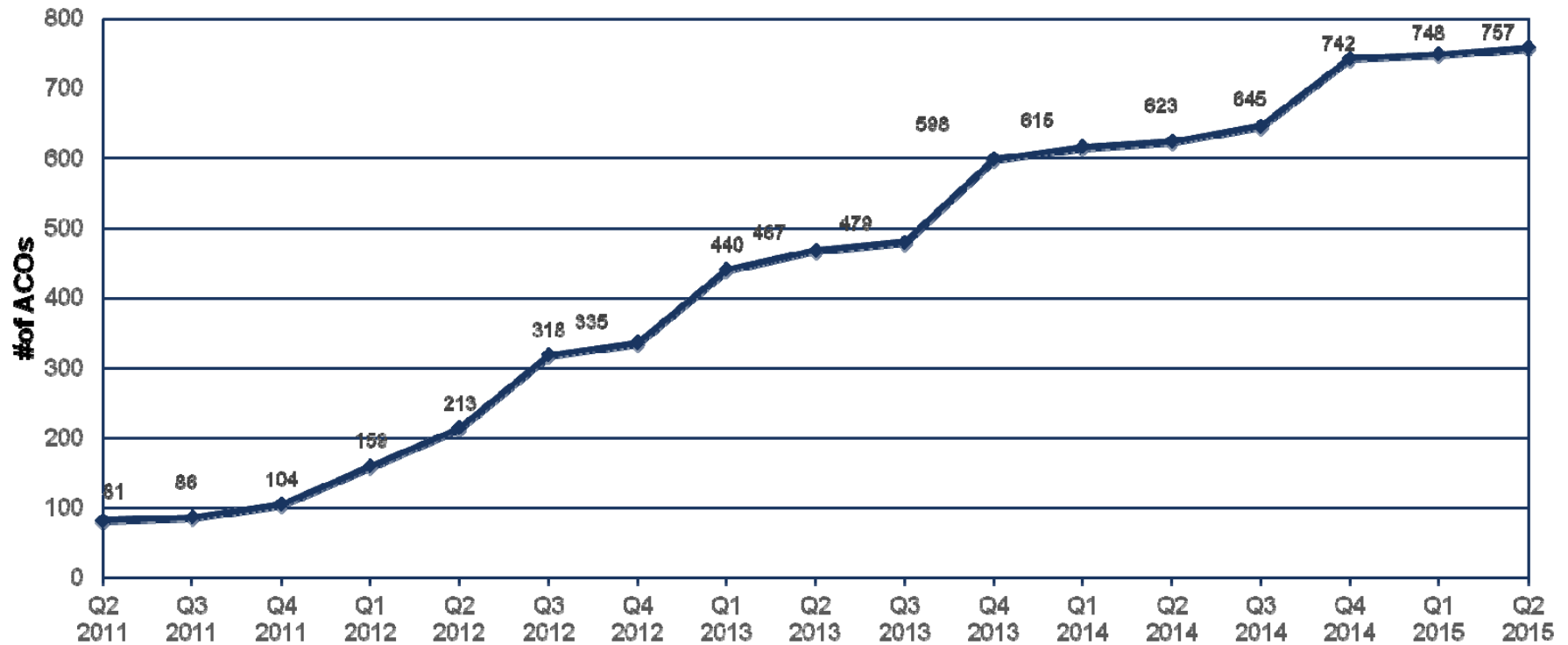
- Oversee the provision of clinical care
- Coordinate the provision of care across the continuum of health services
- Invest in and learn to use appropriate IT to manage population health

## Processes

- Bear financial risk for the measured health of a population
- Align incentives to encourage the production of high quality health outcomes

## Structure

# Overall Trajectory



Leavitt Partners Center for Accountable Care Intelligence 2014

# ACO Taxonomy Types

## Full Spectrum Integrated

*All services are provided directly by the ACO. May include one or multiple organizations*



## Physician Group Alliance

*Multiple organizations that directly provide outpatient care*



## Independent Hospital

*A single organization that directly provides inpatient care*



## Independent Physician Group

*A single organization that directly provides outpatient care*



## Expanded Physician Group

*Directly provides outpatient care and contracts for inpatient care*



## Hospital Alliance

*Multiple organizations with at least one that directly provides inpatient care*

# Purchaser Principles for ACOs

- ACOs must
- ◆ be *transparent*
  - ◆ be *outcomes-focused*
  - ◆ be *patient-centered*
  - ◆ *pay providers for quality, not quantity*
  - ◆ address affordability and *contain costs*
  - ◆ support a *competitive marketplace*
  - ◆ demonstrate meaningful use of *health information technology*

Major purchaser, on contracting with ACOs:  
*“If they can’t give us lower cost, better outcomes, and better quality, we don’t want to waste our time; we can get the current value anywhere.”*



- Few ACOs can deliver on cost and quality *today*.
- Purchasers' role is to raise the bar – clarify and simplify the performance requirements.
- To get desired results will require intense collaboration, leadership, and perseverance.
- We must commit to a multi-year transition to global payment and provider full risk for a population.
- Ideally, we should align public and private purchaser ACO designs.

- CalPERS
- Intel
- San Francisco Health Service System (city & county)
- Stanford University
- Boeing



Reduce  
Costs

# Bundled Payment

- ❖ Negotiated bundled rate
- ❖ Fair, competitive price

Improve  
Quality

# Center Selection

## Employer Needs

- ◆ Location
- ◆ Bundled payment design
- ◆ Travel surgery experience
- ◆ Reporting on COE performance

## Quality of Care

- ◆ Outcomes data and rankings
- ◆ Volume, training and experience
- ◆ Patient safety and satisfaction scores
- ◆ Application of evidence-based medicine

## Patient Experience

- ◆ Shared decision making
- ◆ Supportive resources
- ◆ Attention to the patient experience across the complete care continuum

# ECEN in Action



- Joint replacement CoE
- Spine procedure CoE

- Health care costs are still too high, and quality is still too inconsistent
- New accountable care models are a promising approach: ACOs, Centers of Excellence
- Large employers can drive innovations through direct contracting and high standards for care delivery
- Private sector innovations can be a source of ideas for public policy.

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## Track Four: Employer-Led Accountable Care Innovations

**Kristen Miranda**

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