

Sixth National ACO Summit

Thursday, June 18, 2015

Track Three

1:30–3:00 PM Variation and Financial Performance Metrics

Greger Vigen, FSA, MBA, Independent Actuary (Moderator)

1. **Angela Carmichael**, Director of HIM, AHIMA-Approved ICD-10 CM/PCS, Trainer and Ambassador, JA Thomas
2. **Derek DeLia, PhD**, Associate Research Professor, Center for State Health Policy, Rutgers University
3. **Jan Singer**, VP, Programs and Operation, Massachusetts Health Quality Partners
4. **Steven J. Bernstein, MD, MPH**, Associate Dean for Clinical Affairs, Professor, Department of Internal Medicine, Research Scientist, Department of Health Management & Policy, Director of Quality, Univ. of Michigan Medical Group, University of Michigan

Panel Overview

In order for ACOs to earn shared savings they must be able to adequately understand their patient population, the underlying conditions and health status of those attributed to them, and target interventions that most effectively reduce costs and improve quality. The financial benchmarks for which ACOs will be held accountable can be heavily influenced by random variation, the methodology used for risk adjustment, and historical and regional financial trends, all of which can significantly affect ACO performance if not addressed properly. Variation in spending and clinical practices can profoundly impact the long-term success of ACOs and their ability to meet financial and clinical targets. Meanwhile, the process used for risk adjustment can influence the ways in which ACOs are held responsible for the care of patient of varying health status, so a better understanding of how to accurately document patient care and condition is critical. Finally, further analysis of historical clinical performance can help ACOs better understand practice variation and strategies to more effectively target care improvement. This panel will facilitate an open discussion on strategies to assess and understand the role of variation in ACOs performance, strategies that can be used to offset any negative effects, and the impact of regulations and policies on how ACOs are held financially accountable.

Core Questions

- To what extent is an ACO's measured performance distorted by random variation and what strategies can be used to minimize these effects?
- How can ACOs and payers use risk-adjustment to establish fair and reasonable performance targets and accurately measure financial performance?
- How can ACOs better measure financial variation and reduce it in order to more easily attain shared savings?
- How can ACOs better understand practice variation and use data to drive clinical practice change that reduces unnecessary care and improves outcomes?

- What regulatory or policy changes could help reduce the uncertainty in performance and create more realistic financial and quality targets?
- What do ACOs need to do to create strong financial performance?

1:30 PM

Focus

Greger Vigen, Independent Actuary (*Moderator*)

Greger Vigen will introduce the speakers and provide an overview of the major themes for the session, including random variation, risk adjustments, and considerations for assessing financial performance. He will also highlight the inconsistency of financial improvement relative to quality improvement among ACOs and provide key steps to achieving sustainable financial performance.

1:50 PM

Focus

Angela Carmichael, JA Thomas

Angela Carmichael will draw from her experience working at JA Thomas and share strategies and opportunities for ACOs to improve risk scores. She will specifically discuss how one ACO client built and launched a clinical documentation improvement HCC model and its impact on the ACO's success.

1:58 PM

Focus

Derek DeLia, Rutgers University

Derek DeLia will discuss the changing regulatory landscape for ACOs, including decisions related to one-sided vs. two-sided risk models; highlight some research on the impact of random variation in an ACO's financial performance; and explore how the risk model in MSSP relates to Medicaid and private sector accountable care innovations.

2:06 PM

Focus

Jan Singer, Massachusetts Health Quality Partners

Jan Singer will provide an overview of MHQP's practice pattern variation analysis (PPVA) using the Massachusetts All Payer Claims Database. She will also discuss how ACOs can pinpoint where practice variation currently exists and the strategies they can use to reduce inappropriate or low-value care.

2:14 PM

Focus

Steven J. Bernstein, University of Michigan

Steven Bernstein will reflect on many of the issues covered by the other panelists from the perspective of an ACO, including how University of Michigan ACO has demonstrated practice variation reduction. He will also reflect on the lessons learned from participating in the PGP demo, Pioneer ACO program, and now MSSP and how his ACO is thinking about their future accountable care activities, including the Next Generation model.

2:22 PM

Q&A