Are Florida's Medicaid Provider Service Networks (PSNs) viable Accountable Care Organizations?

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The National Medicaid Congress
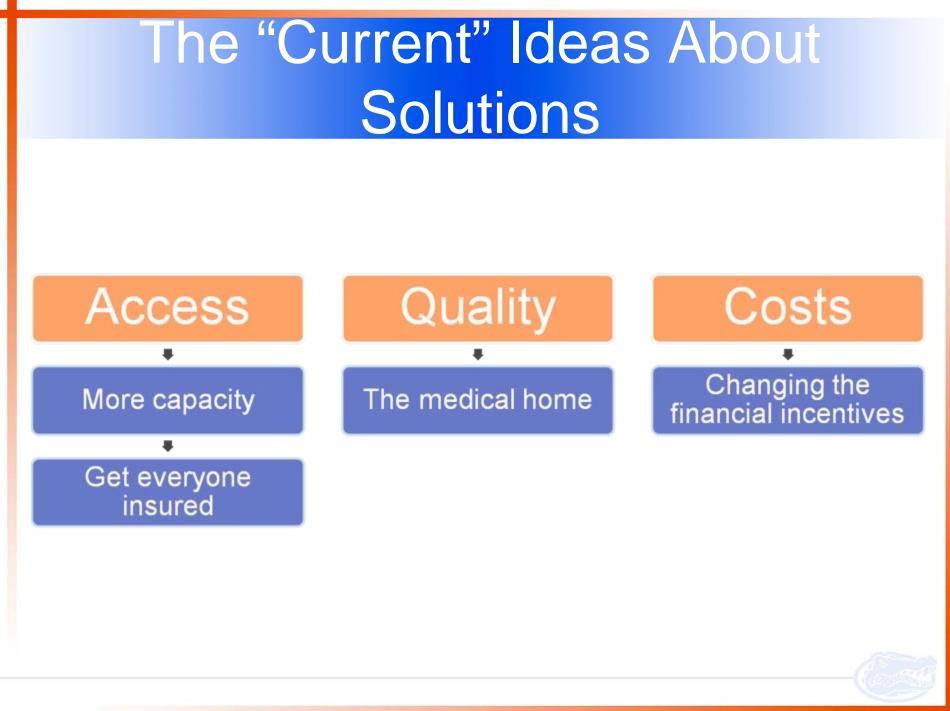
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Objectives

- Describe Florida's PSNs
- Explore whether or not these innovative organizations are potentially viable ACOs

The Problems

- Access
- Quality
- Costs

The "Current" Ideas About Solutions

Access

↓

More capacity

↓

Get everyone insured

Quality

↓

The medical home

Costs

↓

Changing the financial incentives

ACOs Defined … Again

- ACOs are defined as
  - "Health care organizations that take accountability for both cost and quality of the care they provide to defined populations, and produce performance data on outcomes"
- Current concept originated at the Dartmouth Institute for Health Policy and Clinical Practice
- Subsequent expansion/evolution
- No firm consensus to date

ACOs Defined (Cont'd)

- Alternative proposed language suggests an "umbrella" concept referring to health care organizations
  - With financial incentives and payment reform
    - Bundled payments, partial capitation
  - Serving as a medical home
  - With significant HIT capacity and use
  - Overall responsibility for both health care process and health outcomes

ACOs Are…

- An integrated set of providers

- Responsible for the health of a defined population

- Paid by some form of capitation or bundling, based on the defined population

- Expected to deliver or arrange for the delivery of the full range of medical care required by the subset of the defined population who become patients

- Required to manage the care and costs such that the capitated rate is both sufficient and efficient

- Big enough to sustain performance measurement at the organization and population levels; and to prospectively plan for resource needs

Viable Models for ACOs

Comprehensive

Traditional HMO or Integrated Delivery Systems (Kaiser-Permanente)

Multi-specialty group practices (Mayo Clinic)

Academic Health Centers or Health Systems

Contracts for some services

HMO as MCO

Physician or hospital-based provider organizations (PSNs)

Independent practice associations (Health Partners in Los Angeles)

"Virtual" physician organizations (Community Care of North Carolina)

Florida's PSNs (Part I)

- The PSN Demonstration (1998 – 2004)
  - Ambitious attempt to establish multiple PSNs
  - Complex bidding/contractual processes
  - Definitional issues
  - 20 Letters of Intent, 10 proposals, 1 PSN
  - The South Florida Community Care Network
    - Operational under Medicaid contract
    - Closely tied to large tertiary care hospitals in two urban counties
    - Served a varying enrollment from 5,000 – 25,000 people
    - Discounted Fee-for-Service with shared savings

Lessons Learned

- Organizational issues and feasibility
- Disease management
- Enrollee satisfaction
- Fiscal value

Florida's PSNs (Part II)

- The Medicaid Reform Demonstration (2006 – 2011

- PSNs identified as an eligible, alternative Managed Care Organization

- As of May 2011, 4 PSNs are participating in the demonstration, managing and delivering care to about 130,00 enrollees

The Participating PSNs

- Two PSNs are based in tertiary care safety net hospitals

- One is effectively Florida's "Children's Medical Services" program

- One is driven primarily by physicians

- One is organized as an LLC, the three other non-governmental entities are private not-for-profit organizations

Lessons Learned

- Organizational challenges remain
- Organizational instability
- Payment mechanism remains FFS
- Competitive issues
- Specialty PSNs?

Lessons Learned (Cont'd)

- But…
  - Organizational challenges can be overcome
  - Expansion of enrollee choices/options
  - Positive enrollee experiences/satisfaction
  - Promising fiscal consequences

PSNs as ACOs

- A feasible (but not an easy) organizational structure

- Learning curve on the insurance functions

- Bundled payments would be quite easy

- Capitation, not so much

- Enrollee satisfaction possibilities are promising

- HIT could be a huge positive for hospital or health system based PSNs, challenging for physician-based PSNs

PSNs as ACOs

- The Medicaid experience may transfer to Medicare

- Florida is now seeking approval to expand its Medicaid Managed Care pilot statewide, creating the possibility of additional PSNs

But…

- At least two major challenges remain
  - Accountability for a population remains a difficult concept for medical care providers
  - Whether it is possible for PSNs (and other ACOs) to simultaneously pursue the sometimes contradictory motivations of payers and providers remains unknown

Questions?

Further Information

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