



## **Monarch Pioneer ACO:** Transitioning from Fee-for-Service to Pay-for-Performance

March 2014

## About Monarch HealthCare

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- Founded in January 1994 with the consolidation of three IPAs
  - Contracts with nearly every major health plan with a California presence
  - Largest Independent Practice Association (IPA) in Orange County, California
  - HMO Network
    - ~650 PCPs, ~1,600 specialists, 19 contracted hospitals
    - 180,000 HMO patients (including ~38,000 Medicare Advantage patients)
  - All contracted HMO physicians are in performance-based contracts
  - Monarch accepts global capitation for ~50% of HMO beneficiaries, and professional capitation for the balance
  - Expect to accept global capitation for >90% of all beneficiaries by 2016
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# Monarch's Accountable Care Programs

	Medicare ACOs		Commercial ACOs	
	Pioneer ACO (Medicare)	Medicare Shared Savings Program ACOs	Brookings Dartmouth ACO (Commercial)	Other Commercial ACOs
ACO Info	Monarch Pioneer ACO  1 of 23 in the U.S.	PrimeCare MSSP AppleCare MSSP  2 of 343 in the U.S.	"Seeking Partner"  1 of 5 in the U.S.	Q1 2014 Launch & Announcement  1 of ??? In the U.S.
Eligible Population	Medicare FFS patients (223K in OC)	Medicare FFS patients (223K in OC)	TBD - All patients in partner benefit plan	All patients in partner PPO & ASO plans
Enrollees	~25,000 (as of 1/1/14)	~17,000 (as of 1/1/14)	0 (as of 1/1/14)	~5,000 (as of 1/1/14)
Geography	Primarily Orange County w/ ~10% out-of-area	Primarily Orange County w/ ~7% out-of-area	TBD - Partner benefit plan geography	Primarily Orange County
Payment Arrangement	Shared Savings - Upside & downside risk	Shared Savings - Upside only	Shared Savings - Initially upside only	Shared Savings - Initially upside only
Performance Metrics	Part A & B Utilization Metrics 33 HEDIS and Patient Experience Metrics	Part A & B Utilization Metrics 33 HEDIS and Patient Experience Metrics	Performance Metrics	Part A Utilization Metrics 25 HEDIS and IHA P4P Metrics

# Medicare ACO Performance Objectives

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- CMS's Triple Aim Objective
    - Improve the quality of care.
    - Improve the health of populations.
    - Reduce the cost of care.
  - Quality Performance Measures – 33 measures across 4 domains
    - Patient/Caregiver Experience
    - Care Coordination/Patient Safety
    - Preventive Health
    - At-Risk Population
  - Medical Cost Management
    - Drive ACO medical cost trend lower than the national trend used to set budgets/benchmark
    - Inpatient, Inpatient, Inpatient – 67% of Monarch Pioneer ACO's total medical cost
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# Performance Year 1 Results

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## Quality Performance

- Top performer in several “Patient/Care Giver Experience” metrics
  - Monarch scored highest in “Physician communication with the patient” and “Patient overall satisfaction with their physician”
- Top performer in several “Care Coordination/Patient Safety” metrics
  - Monarch scored highest in prevention of admissions for ambulatory sensitive conditions

## Medical Cost Reduction

- 2<sup>nd</sup> highest performer in the Pioneer program in PY1
  - Monarch reduced medical cost **-5.4%** in 2012 from its baseline, while national medical cost grew +1.1% for a comparable population
  - This favorable expense trend was driven primarily by reductions in hospital admissions, and SNF utilization and unit costs
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# Key Success Drivers

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## 1. Network Selection

- Invited a narrow list of top performing physicians (mostly PCPs) to participate in ACO (vs. shotgun approach)
- 70% of aligned network on common EHR platform

## 2. Performance-Based Incentives

- Incentives for PCPs to perform an Annual Wellness Visit, complete a Health Risk Assessment, and perform key health screenings for each attributed patient
  - Resulted in greater than 95% physician participation and collection of HRAs for 38% of patients

## 3. Targeted care management

- Identification of high risk patients using Optum risk stratification tools and Actuarial Services
  - Provide access to Care Navigators, dedicated case managers, home visiting physicians, and personalized pharmacy care
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# Key Success Drivers

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## 4. Physician Tools

- Practice Connect<sup>®</sup>
    - Proprietary point-of-care web interface which displays a summary of a patient's 12-month medical history
    - Highlights significant clinical events such as recent hospitalizations or ER visits
    - Also identifies patient diagnoses, recent lab results, list of other attending physicians, and required preventive screenings
  - Annual Senior Health Assessment (ASHA)
    - Addresses comprehensive list of patient screenings required for comprehensive care of a senior and addresses majority of ACO quality metrics
    - Document is mostly completed by patient in the form of a pre-exam survey and reviewed by physician with patient during Annual Wellness Visit
    - Becomes part of medical record once complete
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## Lessons Learned

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- Patient care is highly fragmented
    - Monarch patients saw an average 22 clinicians in performance year one
    - 70-80% of ACO patient office visits are with non-ACO specialists
  - Patient engagement remains challenging
    - Patients suspicious of ACO services and don't understand the value of care coordination
    - Unable to distinguish between high quality and low quality healthcare services
    - Patients have no incentive to change behavior
  - Physician engagement requires strong value proposition
    - Share savings is delayed and not guaranteed
    - Timely, meaningful physician incentives required to attract critical mass
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