

Accountable for What?

Purchaser Expectations for Accountable Care Organizations

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Pacific Business Group on Health (PBGH)

PBGH Mission: *To improve the quality and availability of health care while moderating costs.*

PBGH Vision: *A health care system transparent about the quality, cost and outcomes of care, where consumers are motivated to seek the right care at the right price and providers are incentivized to offer better quality, more affordable care.*

ACOs have the potential to aid our four key strategies

- ✓ Engaging Consumers -- *Supporting consumers with information and incentives to choose the right care at the right price*
- ✓ Paying for Value -- *Ensuring providers are rewarded for quality and efficiency*
- ✓ Redesigning Care Delivery -- *Supporting the health care system to achieve improved outcomes at a better price*
- ✓ Advancing Value-Based Policy -- *Helping policymakers create public policies that improve care and reduce costs*

Why should purchasers care about ACOs?

- Advance “triple aim”
 - ✓ Improve care experience and quality
 - ✓ Address affordability
 - ✓ Improve population health
- Redesign health care delivery
- Promote provider accountability
- Accelerate payment reform through public sector-private payer alignment

Purchaser principles for ACOs

1. ACOs must be transparent.
2. ACOs must be outcomes-focused.
3. ACOs must be patient-centered.
4. ACOs must pay providers for quality, not quantity.
5. ACOs must address affordability and contain costs.
6. ACOs must support a competitive marketplace.
7. ACOs must demonstrate meaningful use of health information technology

Performance transparency

- Engage in collaborative measurement and reporting efforts
- Support availability of consumer information
- Disclose provider financial arrangements and portion of payment linked to performance

Support robust metrics that are outcomes-focused

- Clinical outcomes
- Functional status
- Appropriateness
- Patient experience
- Care coordination and care transitions
- Cost
- Efficiency and resource use

Support patient-centered care

- Deliver coordinated patient education and preventive care support
- Inclusion of the patient in the care process
- Support for shared decision making
- Support for self-care, self-management and risk reduction
- Provide patient access to their health information

Advance payment reform

- Structure provider payment to reward quality, not quantity
- Align private and public sector approaches
- Use risk-adjusted, episode payment or bundling methodologies
- No payment for “never events,” errors and inappropriate use
- Use incentives to reward physicians and other health professionals based on performance
- Participate in shared risk and or gainsharing arrangements – subject to financial qualifications

Improve affordability and contain costs

- Demonstrate sound financial management with specific targets such as trend at CPI + 1%
- Establish sound fiscal policies and financial management practices that assure oversight of risk-based contracts
- Reduce waste

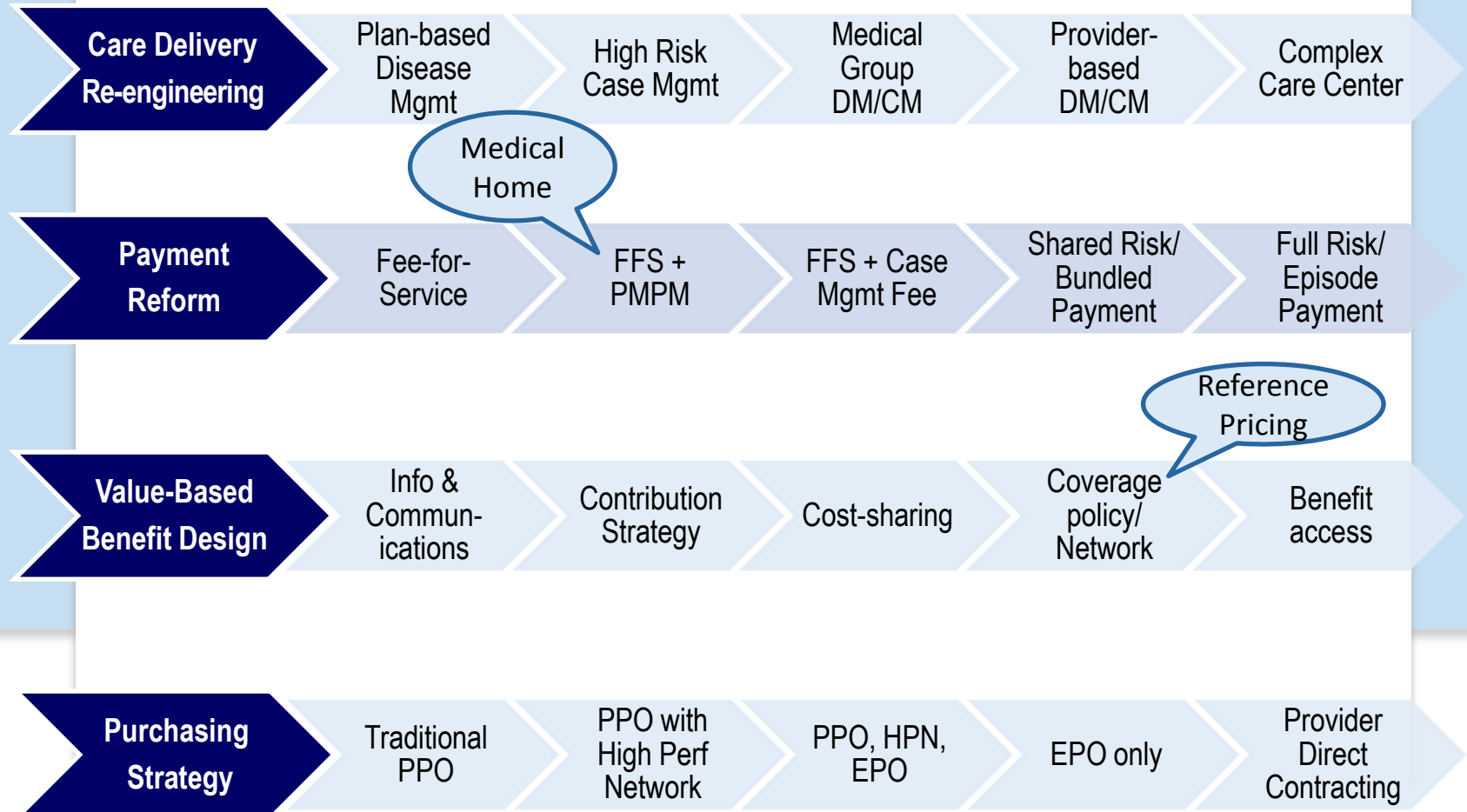
Support a competitive marketplace

- Refrain from contractual non-disclosure provisions that preclude
 - ✓ Community-level quality and efficiency measurement
 - ✓ Consumer access to performance information
 - ✓ Comparative performance reporting
- Refrain from contractual prohibitions on provider differentiation by payers

Demonstrate Meaningful Use of Health IT

- Use information systems for clinical decision support
- Demonstrate clinical integration among medical providers
- Manage care process such as electronic ordering and results
- Share information among providers
- Exchange information among providers
- Exchange information with the patient
- Federate with the NHIN structure and set rigorous Health IT adoption expectations as a practitioner entry requirement

No single model for ACOs – a continuum of risk and opportunity



Accountable care in the marketplace: Boeing Intensive Outpatient Care Program

- Improve care coordination for predicted highest cost 5-20% of members
 - ✓ Each site created a new ambulatory intensivist practice
 - ✓ Practices were staffed by specially identified MD, RN “health coach”, and other support
 - ✓ Sites implemented shared care plans, increased access, proactively managed care
 - ✓ Sites were paid a case rate pmpm to cover non-traditional services
- Member copays for 1st intake visit was waived
- Model being expanded nationally, including Ambulatory ICU Pilot with CalPERS in California

Questions for purchasers to consider

How do I structure an ACO to minimize my financial risk?

- Direct contracting
- Shared risk and gainsharing between purchaser-provider
- Plan-based EPO design with limited gainsharing

What regulatory issues do I need to monitor re: ACOs?

- Market consolidation – near-term savings could be undone by future provider negotiating position
- DMHC role for risk-bearing entities may limit PPO design flexibility

How can I design our benefits offerings to work well with ACOs:

- Reference pricing
- High performance network options

2011 potential purchaser actions

- Implement reference pricing benefit strategies
- Support health plan bundled payment strategies
- Support ACO purchaser expectations
- Offer high performance network options
 - ✓ Feature ACO-designated groups
 - ✓ Differentiate contribution strategy for EPO options
- Participate in Ambulatory ICU pilot

For more information:

- Learn more about the Pacific Business Group on Health and our effort to improve the quality of health care while moderating costs at www.pbgh.org
- Learn more about our work to bring employers, consumers and labor organizations together to improve access to publicly reported health care performance information at www.healthcaredisclosure.org
- Learn more about our efforts to reform payment at www.catalyzepaymentreform.org