



White Paper

Accountable Care Organizations (ACOs) have captured both the imagination and energy of healthcare providers since they became a part of healthcare reform in the Patient Protection and Affordable Care Act in 2010.

Accountable Care Organizations The Important Role of Healthcare Risk, Quality and Safety Management

Accountable Care Organizations (ACOs) have captured both the imagination and energy of healthcare providers since they became a part of healthcare reform in the Patient Protection and Affordable Care Act in 2010. There is a plethora of musings on this subject and this will expand as the actual structure and operations of ACOs come into focus. All of this is in the context of making healthcare a part of the long range planning for the health of a community while moving away from our current transactional approach to healthcare delivery.

Here are some characteristics that seem to have found consensus:

- The goal of the ACO structure is to lower overall healthcare costs by creating an integrated set of resources to manage health and replace our current fragmented set of resources focused on caring for the sick.
- Payment for healthcare delivery will be value based instead of volume based as it is today.
- Healthcare providers organized in an ACO will be accountable for the outcomes they deliver, which is tied to the payment for value concept.
- Alignment of providers with clinical integration and enhanced evidenced based and effective treatment options are central to achieving the healthcare quality, outcomes and cost reduction goals.
- Implementation of sophisticated information technology as the backbone of communication and care management will be essential.
- The basic construct for ACOs is in the Institute for Healthcare Improvement's Triple Aim of Healthcare: Quality, Patient Experience and Cost ... all being managed simultaneously to shape the delivery system and reduce cost.

Yet, there is a whole other side of the ACO conversation that has not been discussed. Beyond contracts and fee structures, how can you help ensure that all the parts of the ACO will work together as an integrated entity? To address this, healthcare providers have several tools already at

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8725 West Higgins Road Suite 810 · Chicago, IL 60631

T: 773.864.8280 · F: 773.864.8281

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their disposal that include applications from the areas of Risk, Quality and Safety Management.

We will discuss three (3) distinct contributions from Risk-Quality-Safety Management that can inform this discussion:

- Alignment of Resources around Mitigation of Medical Malpractice Risk Exposure and Financial Risk Management
- Alignment of Resources through Real-time Event Management and Collaboration across the ACO
- Alignment of Resources within a Patient Safety Organization Designed to be the Learning Lab to Enhance Safety and Healthcare Delivery

Alignment of Resources around Mitigation of Medical Malpractice Risk Exposure and Financial Risk Management

Medical malpractice risk exposure may increase through an integrated system such as an ACO where patients have committed to the system of care as a whole. To help mitigate this potential, ACO leadership can investigate the benefit of the creation of a captive insurance company to provide coverage for the entities, as well as physician extenders and the physician providers of the ACO. This will align the insurance protection across the system of care and can be designed with criteria in place to promote risk management initiatives, evidence based care and high patient satisfaction across the continuum. An insurance company owned and controlled by its insureds (a captive insurance company) can also promote collaboration in the case of defending allegations of medical malpractice through the use of joint investigation and defense strategies in those claims where multiple defendants are named in the lawsuit and eliminate the ‘finger pointing’ that often can ensue when multiple insurance carriers are involved.

Forming, joining or merging existing resources into a sound captive insurance company enables the ACO to manage the financial risk associated with healthcare delivery and provides it with the needed controls to reduce medical error and support a single focus on how care is delivered. If appropriately designed, the captive structure can also bring risk-quality-safety services to help support a culture of safety and healthcare excellence across the ACO. Finally, the captive structure can enable the ACO to gain financial control and decision making power related to helping reduce

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medical malpractice claims and thereby realizing the benefits and savings found in a stable, and often reduced annual premium, while removing itself from the vagaries of premium fluctuations of the commercial insurance marketplace.

An integrating tool that not only enables leadership and managers to understand the dynamics of each patient care setting, but also serves as an early warning system to help identify system issues and potential and real events that could erode patient safety is an essential ACO device.

Alignment of Resources through Real-time Event Management and Collaboration across the ACO

As an ACO, healthcare resources will need to exist across a geographic area, in multiple settings and with varied provider groups. An integrating tool that not only enables leadership and managers to understand the dynamics of each patient care setting, but also serves as an early warning system to help identify system issues and potential and real events that could erode patient safety is an essential ACO device. The application needs to be web-based to conform to the system's information technology platform and flexible to meet the changing needs of the ACO.

The event management system needs to enable data collection that is simple and easy to complete, and that is easy to maintain so that changes can be made as circumstances dictate. It also needs to provide immediate notification to those who need to know allowing for real-time communication and collaboration. Immediate notification of events is central to creating a culture of awareness and to empower change, as is necessary, across the system of care. Notification is the key to collaboration so that, if necessary, staff can quickly assemble at the point of care to respond to events and to support the patient and providers involved.

Collaboration is also fostered by the ability to concurrently review and investigate an event and record reports in a simple and concise way in a secure environment. This gives the ACO the ability to compile the full picture of what occurred, or nearly occurred, and what circumstances contributed to the event situation. The ability to retrieve actionable information whether at the point of care or within the leadership offices is equally important. Placing real-time data in the hands of front line managers helps promote that the ACO seeks to sustain a culture where safety and excellence are core values, and empowers those at the sharp end of care to see where changes are needed. Enabling leadership to quickly learn of an event that could be serious, or that was averted, is important to keep the spotlight on raising awareness of how the system needs to work to meet the ACO's objectives.

All these functions are required of the effective event management system selected so that the ACO can quickly and comprehensively manage the risk-quality-safety and service events that can occur across the system of care. In addition, an architectural framework that allows interfaces with external reporting and other data systems, such as utilization management, patient complaints, human resource allocations, workers safety and other services can be critical to enhancing the efficiency of the whole care management process.

Alignment of Resources within a Patient Safety Organization Designed to be the Learning Lab to Enhance Safety and Healthcare Delivery

The Patient Safety and Quality Improvement Act of 2005 (Patient Safety Act) affords healthcare providers the opportunity to contract with a Patient Safety Organization (PSO). As described in the Final Rule, effective January 19, 2009, providers may collect data and conduct deliberations to enhance patient safety and healthcare outcomes and report those data and deliberations to a PSO. In turn, those providers will gain Federal privilege and confidentiality of certain information that is reported to the PSO that protects it from discovery in the case of a medical malpractice suit. In effect, PSOs create a learning laboratory whereby healthcare providers can surface issues and learn from each other through collaborative projects and benchmarking without the over-hanging fear of potential liability.

ACOs participating with a PSO can attain high reliability in its patient care services because the whole organization is focused on enhancing care and promoting safety.

An ACO that is attempting to create a whole new healthcare structure can enjoy the benefits of Federal protection from discovery and at the same time participate in a learning opportunity to reduce medical error and sustain evidence based practices. ACOs working with a PSO can attain high reliability in its patient care services because the whole organization is focused on enhancing care and promoting safety.

Providers need a place where it is safe to learn from mistakes and to improve practices without fear of reprisal or allegations of negligence. Organizations need to be able to examine themselves and set improvements in motion without fear of being sued for what they unearth. The Patient Safety Act offers a way to accomplish both by working with a PSO. As ACOs come together, this can be a powerful tool and asset to their success.

As you can see here, there are tools beyond contracting and assembling resources that an ACO might consider to support reaching its

An ACO that aggressively utilizes state-of-the-art Total Risk-Quality-Safety-Service Management Tools (TRQS² Management™), such as described here, can more effectively create, manage and support new systems for delivering a financially responsible continuum of

goals. At first glance, this might be seen as looking too far down the road to be useful as ACOs are formed, but if these areas are discussed in a proactive way, it is clear that they can become a critical component of the glue that holds an ACO together for community and provider benefit. An ACO that aggressively utilizes state-of-the-art Total Risk-Quality-Safety-Service Management Tools (*TRQS² Management™), such as described here, can more effectively create, manage and support new systems for delivering a financially responsible continuum of care.

Anna Marie Hajek
President & CEO
Clarity Group, Inc.

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Captive Design and Management Services
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