

THE DANGER ZONE

SIX TIPS TO HELP ACCOUNTABLE CARE ORGANIZATIONS PREPARE TO TAKE ON RISK



Accountable care organizations (ACOs) are in the middle of a transformation – they are evolving into risk-bearing entities. Until recently, ACO models have mostly limited participants' financial liability. Now, ACOs are expanding beyond one-sided risk and they are transferring more financial responsibility onto healthcare providers. Along with this increased financial accountability comes added pressure to meet performance measures. Here is a look at some tips and tricks that will help you prepare if you plan to participate in a full-risk or partial-risk accountable care program.



1. START WITH A NO-RISK PROGRAM

This one is a no-brainer. The first year or so in an ACO is eye-opening. There is a lot to take in as you try to adapt to changes and work toward performance goals. During this time you want to be able to focus on simply learning the ropes of accountable care. And you don't want to have to worry about the stress of incurring financial losses. So, begin with a program that allows you to ease into risk. Yes, the industry is moving toward risk, and you can too, gradually. Start out in an ACO program that lets you earn incentives without immediately putting you on the hook for losses. Then, take on risk once you have demonstrated an ability to meet quality standards, reduce costs and meet other performance measures. This is the smartest way to smoothly transition into accountable care, because you can learn and make improvements while you still have training wheels on.



2. LEARN HOW TO WORK WITH DATA

One of the top things you can do to get ready for risk sharing is step-up your “data game” and learn how to manage and use patient data. Data is the key to understanding your patient population and its needs. It is what allows you to efficiently manage health outcomes and care costs. Unfortunately, most healthcare providers have not received any formal training on how to collect, analyze and use patient data on a large scale. It takes some time to get up to speed on data mining and analysis, so this is an area you want to dive into as soon as possible. Don't delay and get caught trying to manage population health without the right data – or you can almost guarantee that you'll be stuck paying off penalties. Of course, you can always pair with a reputable partner to help you manage data – this is a good option for organizations that lack data management experience.



3. SECURE THE NECESSARY CAPITAL

A challenge that a lot of healthcare teams run into when participating in an ACO is not having enough money. This is a big problem because when you are short on cash you can't make improvements, invest in new technology, implement training programs or do the other things you need to do to meet quality and cost requirements. Before you join a risk-sharing program, be sure you have more than enough capital available (it will likely take more than you think) to do the things necessary to reach ACO goals. Otherwise you could be burdened with more money problems, like sharing financial losses.



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4. MAKE SURE YOUR TECHNOLOGY SUPPORTS COORDINATION AND COMMUNICATION

Care coordination is a critical part of every accountable care program. Without modern systems in place – and a good IT infrastructure to help you communicate and collaborate with other healthcare providers – you are going to have a very difficult time meeting quality and performance measures. And that means you will incur financial penalties once you take on downside risk. Upgrading your infrastructure and putting care coordination processes in place is a must prior to accepting risk.



5. FIND A QUALITY IMPROVEMENT PARTNER

There are inevitably a lot of adjustments and improvements you need to make in order to meet quality performance standards and generate savings under a shared-risk ACO. Because of this, you may want to consider teaming up with a quality improvement partner that can help you create and execute an improvement strategy. A quality improvement partner should be able to perform an assessment and pinpoint areas that require attention. A knowledgeable quality improvement company will help you increase efficiency and quality so you can avoid financial penalties.



6. SUPPORT CHANGE AND CREATE A FLEXIBLE ENVIRONMENT

A final ACO risk-prep tip goes out to healthcare leaders: support change within your organization. It might sound simple, but if your culture does not encourage change, it will be difficult to accomplish any of your improvement goals. You can't join an ACO and continue to operate the same way you did under the fee-for-service model. You have to adapt, make changes, use new technology, work more collaboratively, and so on. Otherwise, not only will you not be able to earn incentives under a shared-risk program, you'll be hit with financial penalties, too.

Two-sided risk is the future of ACOs. Medicare has made it very clear that its objective is to guide ACOs to accept greater risk over time. As Medicare revises current accountable care programs and introduces new ones that steer organizations toward risk, private ACOs will follow. Without a doubt, there will be many more organizations participating in a shared-risk contract five years from now.

As of now, many healthcare organizations are not prepared to take on risk. There are only a select few that are truly capable of handling risk well. Now is the time for healthcare providers to begin taking steps to prepare for downside risk. That way they will be prepared to meet performance requirements and be successful when the time comes to accept more liability.