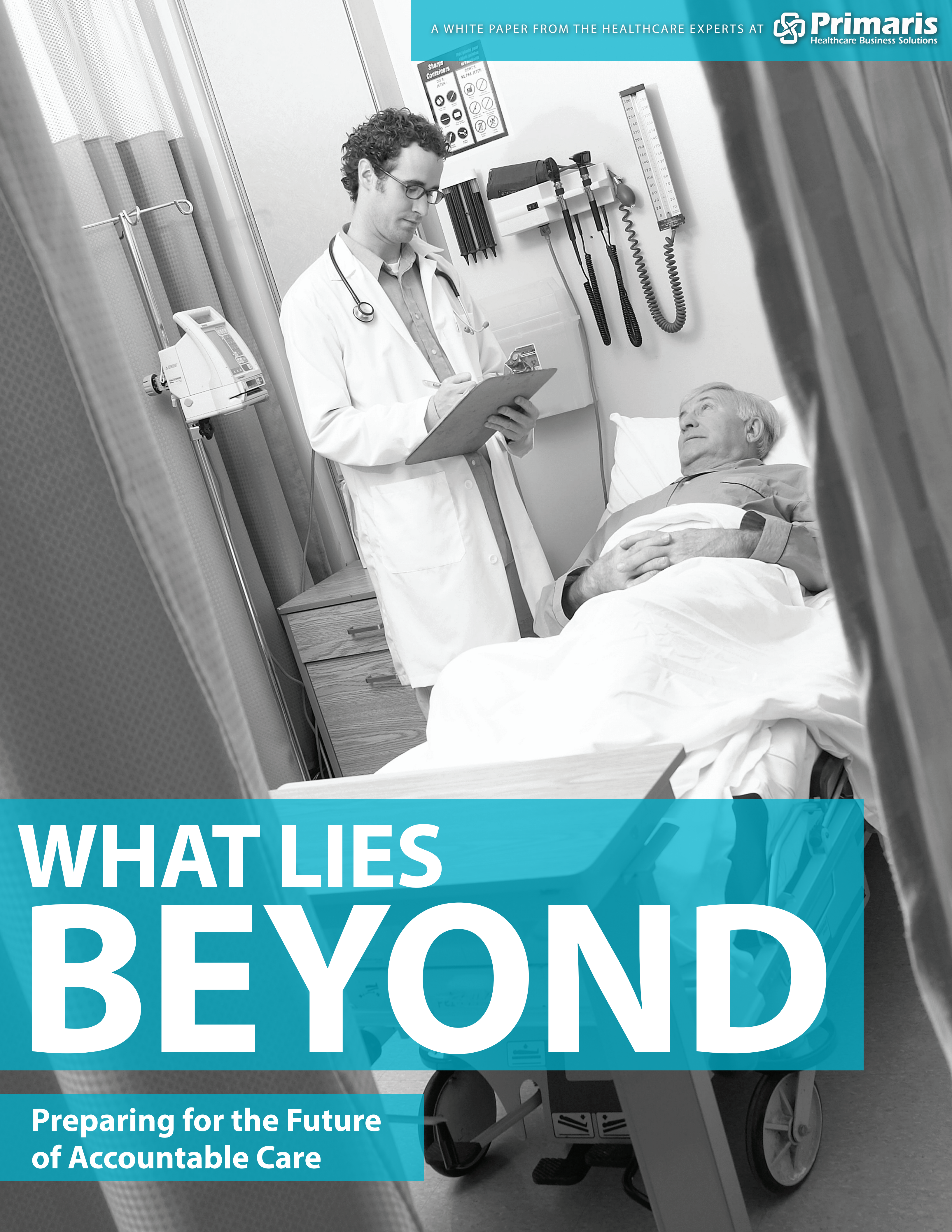
A WHITE PAPER FROM THE HEALTHCARE EXPERTS AT Primaris Healthcare Business Solutions



WHAT LIES BEYOND

Preparing for the Future of Accountable Care

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Following the creation of the Affordable Care Act, a wave of healthcare providers joined accountable care organizations (ACO). Some of those ACO members are still going strong, some have moved to other accountable care programs, and some have opted out of ACOs altogether. Similarly, some of the ACO programs themselves have gained steam and others have fizzled out.

In the years since the Affordable Care Act was signed – and new ACOs were introduced – the healthcare industry has learned a lot about accountable care. We have gone through several rounds of ACO participation and we have emerged wiser. Now the industry is at a point where it is moving forward into the next phase of accountable care.

So what does this next phase look like? How is the future shaping up for ACOs? How will healthcare providers be impacted? These are popular questions right now. Here is one thing we know for certain about the direction in which ACOs are heading: ACOs are evolving. Accountable care organizations are in the process of transitioning into risk-bearing entities.

Two-sided risk is the future of ACOs. CMS has been very clear about the fact that its objective is to guide ACOs to accept greater risk over time. The numbers for 2016 show that there are a total of 477 government-backed ACOs. This includes ACOs that are part of the Medicare Shared Savings Program, the Pioneer ACO Model, the Next Generation ACO Model, and the Comprehensive ESRD Care Model. Of these ACOs, 64 have already moved into a risk-bearing track. That number is expected to increase in 2017 and in successive years.

As Medicare revises current ACO 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 shared-risk programs five years from now.

If looking ahead tells us where ACOs are going, then let's pause and consider what is happening currently. Right now is a crucial time in accountable care – it is time for provider organizations to roll up their sleeves and get to work. As we just discussed, ACOs are moving to risk sharing. And that means the financial stakes are going to be getting higher for many ACO participants. However, there are only a handful of programs that are capable of handling risk really well at this point, so there is a lot of work to be done. Two-sided risk contracts require participating organizations to share losses. It is necessary for healthcare organizations to take actions now to ensure they land on the side of savings rather than loss.

For organizations that are completely new to ACOs, and also for those that have been with accountable care for a handful of years, it is important to prepare for downside risk by dedicating attention now to IT systems, capital, data, leadership, and culture. These five things have the biggest impact on the overall success of ACOs, and also on the ability of each to deliver high-quality care and cost savings.

Modern Systems

A majority of hospitals and physicians have adopted EHRs – at least to some degree. That has helped improve efficiency and access to patient data. However, the real goal is interoperability. Providers within ACOs need to be able to easily communicate and collaborate so they can provide safe, appropriate, coordinated care to patients. Part of doing that involves sharing patient information. Right now, as organizations prepare for risk, they need to be evaluating the IT infrastructure and systems they have in place. If current systems don't boost efficiency and support data sharing and receiving, then upgrades are in order.

Capital

One of the main reasons businesses (of all types) fail is because they don't have enough capital. This is also true with ACOs. There is no way around it, putting in place the systems, training, processes, and leadership necessary for an ACO to be successful takes money. That's right, you have to spend money to save money. Without capital, it is difficult to put the modern systems in place that were just mentioned above. And, without capital it is also hard to make facility improvements, train staff on new processes and clinical procedures, etc. Unfortunately, a lot of ACO participants run into money trouble at some point. Many find out the hard way that they don't have the funding they need because they either began with too little capital, or they don't have spending under control. That's why organizations need to pay close attention to their budget right now, and work for obtain capital prior to getting into a high-pressure risk-bearing contract.

Data

Accountable care is dependent upon data, as is an accountable care organization's ability to meet performance measures. Clinical data is necessary for understanding how to manage the health of individuals and entire patient populations. Financial data helps organizations contain care costs. Without that data, organizations are flying blind while trying to manage populations and improve value. But relying on data to guide care is something that is new to most medical teams. Mining patient data, analyzing it, sharing it with other providers within an ACO, these are things that a lot of healthcare providers do not currently have the know-how or ability to do successfully. In many cases, data management is beyond the scope of what provider organizations can handle, so bringing in an outside partner to help manage data is recommended. Whether data management is handled internally or outsourced, the idea is that organizations work now to improve data management so they are prepared for the demands of two-sided risk contracts.

Culture

Another piece of the puzzle that can hugely impact the success of an ACO is its culture. A culture that supports ACO success is one that is open and accepting of progress and change. Healthcare providers that join an ACO and don't make operational improvements to drive efficiency will have a tough time meeting financial performance requirements. Likewise, ACO participants that don't take steps to improve how care is administered to patients will have a hard time meeting quality measures. That accepting attitude toward change, and buy-in has to be carried out throughout the entire organization. A change of this nature that involves multiple people across an organization takes time, so it should be initiated prior to entering into a high-risk contract.

Leadership

Strong leadership is important for guiding an ACO toward success. Managers need to create a culture that encourages innovation and flexibility. It is important to have people in charge that not only have the knowhow to lead quality improvement efforts, but who can break out of routine and embrace change. A rigid culture can defeat a good strategy. Putting the right leaders in place – people who are not afraid to break away from old habits when data indicates a need for change – is essential.

It should go without saying that when you join an ACO you have to be open to adopting new ways of doing things. You also have to be open to making improvements, so you can meet performance measures and earn financial rewards. Unfortunately, old habits die hard. For many healthcare providers, breaking away from how things have always been done (think fee-for-service) isn't easy.

Organizations that step forward now and make necessary changes are the ones that will be prepared to accept two-sided risk. They will be the ones earning rewards while others get stuck paying for losses.

Primaris is a healthcare consulting firm that works with hospitals, physicians and nursing homes to drive better health outcomes, improved patient experiences and reduced costs. We take healthcare data and translate it into actionable quality improvement processes that create the foundation for highly reliable healthcare organizations.

Primaris has more than 30 years of experience advising healthcare organizations on how to improve quality, patient safety and clinical outcomes. Contact us to learn more.

To learn more about Primaris and how we can help you prepare for the future of accountable care, visit our website at www.primaris.org, or call toll-free at 1.800.735.6776.

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