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## STRATEGIES TO BECOMING AN ACCOUNTABLE CARE ORGANIZATION



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# Will you benefit from joining an Accountable Care Organization?

AS THE ACCOUNTABLE CARE MOVEMENT continues to expand, many healthcare providers are weighing the benefits of joining – or continuing to participate in – an Accountable Care Organization (ACO). Every healthcare organization has to decide for itself whether joining an ACO is in its best interest. It is common for this decision process to take up to a year as organizations consider the pros and cons and determine whether they will be able to successfully meet ACO requirements and receive compensation. Combine that time with the additional four to six months it typically takes to complete the application process, and it is clear that becoming part of an ACO is a huge endeavor. Even after joining an ACO it generally takes a year or more for benefits to materialize. So, is all of this effort worth it? On the next few pages are some observations and things to consider.

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The driving force behind government-backed ACOs, the Centers for Medicare and Medicaid Services (CMS), has made it clear that it plans to support the ACO movement for years to come. New and evolving ACO models suggest that, certainly for the next ten years or more, ACOs will be a dominant form of payment for the medical community. CMS has paid attention to criticism, it has asked for feedback, and it is now forging ahead and working to improve upon early ACO plans. By doing this CMS is demonstrating that it is committed to pushing forward and being more innovative and fair with accountable care plans.

## Commercial payers are following Medicare's lead.

As we have seen happen with many other initiatives, the private sector is following Medicare's example and moving rapidly in the direction of ACOs. Aetna, Blue Cross, Cigna, Humana, UnitedHealthcare and other large commercial payers have created ACOs that provide care to millions of Americans. Similar to CMS-supported ACOs, participation in commercial payer ACOs is expected to continue to grow.

While exact participation numbers for next year are not yet known, all signs indicate that there will be a steady stream of new ACO participants in not just the MSSP, but also across other government and commercial models.

## Provider participation remains steady.

CMS reported that there were 89 new ACO participants admitted into the Medicare Shared Savings Program at the beginning of 2015. This number is important for two reasons, one is that it shows new ACOs are continuing to emerge. But this figure is also interesting because the growth wasn't as high as what many had projected. In the next few months CMS is expected to announce the new participants that will join the MSSP for 2016. The entire industry will be watching to see how 2016 trends. While exact participation numbers for next year are not yet known, all signs indicate that there will be a steady stream of new ACO participants in not just the MSSP, but also across other government and commercial models. CMS supported this with the release of the following statement:

*"Since the advent of the (ACO) programs, the number of Medicare beneficiaries served by ACOs has consistently grown from year to year, and early indications suggest the number may grow again next year. The Shared Savings Program continues to receive strong interest from both new applicants seeking to join the program as well as from existing ACOs seeking to continue in the program for a second agreement period starting in 2016."*

Since all signs point to continued expansion of the accountable care model, every medical provider needs to consider whether or not they'd benefit from participating in an ACO.

## Providers are sharing some savings.

One of the points surrounding ACOs that has always been in question is whether or not providers can actually earn money. Initially there was not a lot of data to confirm outcomes one way or another. But various reports released by CMS and commercial payers in 2014 and 2015 support the fact that many organizations have been able to share in moderate savings. Critics say the numbers are underwhelming, and CMS admits that savings can be hard to come by during the first year of participation in the MSSP. But CMS also points out that the potential for earning money increases the longer you are part of the program. Finally, CMS adds that a lot of the organizations that have not yet earned financial savings have still been able to meet quality performance measures and are improving the quality of care delivered to patients.

The reality is that data indicates ACO results are mixed — some providers benefit from joining an ACO while some do not. Since all signs point to continued expansion of the accountable care model, every medical provider needs to consider whether or not they'd benefit from participating in an ACO.

# 2

Performance results indicate there is a steep learning curve for medical providers to overcome when they first join an ACO.

## What to expect during your first year in an Accountable Care Organization?

Now that ACOs have been in existence for a few years there is more data surfacing to show the paybacks and challenges they present. While there are several potential benefits of ACO participation, performance results indicate there is a steep learning curve for medical providers to overcome when they first join an ACO. Most people that have gone through their first year in an ACO will support that opinion.

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The Centers for Medicare and Medicaid Services (CMS) recently released results from the Medicare Accountable Care Organizations for 2014. In defense of the results that many labeled underwhelming, CMS pointed to this key finding: ACOs tend to struggle at first and then perform better over time. CMS data showed that the ACOs that had participated in the Medicare Shared Savings Program (MSSP) the longest were more likely to earn financial compensation. Of the ACOs that joined the MSSP in 2014, only 19 percent were able to generate shared savings. The number that earned savings rose to 27 percent for those that had joined the program in 2013. The most savings were shared by ACOs that had been in the program since 2012 – 37 percent of that group generated savings last year. According to these figures there is a direct relationship between years of ACO experience and financial rewards.

Just because the first year in an ACO is challenging it doesn't mean you can't see wins. After all, about one in five rookie ACOs were able to earn savings in the MSSP last year. And many others met quality measures and improved patient care even though they fell short on the savings side of things.

If you are planning to join an ACO or even if you are just exploring the option, here are two things you should prepare for that you may experience during your first year:

Because physicians and hospitals have their own procedures and systems, it can be really difficult to get everyone on the same page. Be prepared for this and patient as you work through communication struggles.

## 1. Tech Troubles

You will need to rely heavily on technology as you work to achieve ACO goals. If you don't have a good IT infrastructure it will be hard to monitor what patients are doing, what care they are receiving and how their health is progressing, so you can provide appropriate care. It is common to experience problems as you try to manage data from electronic health records, claims and registries. Be ready to tackle technology troubles in these areas, or find a way to outsource work to a partner that has experience managing data from these systems.

## 2. Communication Challenges Between Different Sources

To deliver seamless care to your patients you need to be able to share and receive information from other providers within the ACO. This takes a willingness to communicate openly with other providers, and again it requires good technology. Because physicians and hospitals have their own procedures and systems, it can be really difficult to get everyone on the same page. Be prepared for this and patient as you work through communication struggles.

*Keep these things in mind as you embark on your ACO experience and you might be able to avoid some of the typical first-year bumps in the road.*

# 3

One reason data management is so challenging is because medical providers are not trained in mining patient data.

## The Accountable Care Organization Data Management Challenge

Data management ranks as one of the biggest hurdles for Accountable Care Organizations. Reliable data serves as the foundation for accountable care. But mining patient data, analyzing it, sharing it with other providers within an ACO, these are things that the majority of healthcare providers do not have the know-how or ability to do successfully. As a result, ACOs face several challenges. To achieve accountable care goals medical providers must find solutions that give them a better grasp on data management.

One reason data management is so challenging is because medical providers are not trained in mining patient data. While data mining is not a new science – insurance companies have been mining claims data for years – abstracting data from electronic health records, claims and registries is something most providers do not know how to do. Nor do they have time to learn how to do it.

Another problem is that the information technology infrastructure is often not in place to effectively share and receive data across an account-

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able care organization's network of providers. A typical ACO covers thousands of patients and includes hundreds of physicians and specialists. That means a whole lot of patient data is generated and stored. But many electronic systems can't communicate with each other so the data is not easily accessible. This leads to breakdowns in care coordination that kill efficiency. ACO participants should be able to leverage data to help them seamlessly treat patients, increase efficiency and reduce care costs. But getting your hands on the right data at the right time is the key to all of this.

ACO leaders also need access to data in order to monitor patient care and measure performance of the providers in the community. Plan managers need to be able to see what all of the different moving parts within the ACO (physicians, hospitals, etc.) are doing so they can work with providers to make improvements and align processes with best practices.

So the big question is, if the need for data exists but the ability to successfully collect and use the data does not, what is the solution? For most providers the answer is to outsource data management. Either that, or become an expert at mining patient data and analyzing performance data. But because of the scope of data management, the technology and know-how that is required, partnering with an expert is often a better option.

# 4

Critics say ACOs performance standards are not attainable so providers have a hard time taking advantage of the intended benefits.

## ACOs: Is the glass half-full?

In August the Centers for Medicare and Medicaid Services (CMS) shared performance results from 2014 for Medicare's ACOs. Those financial and quality performance results, which some labeled disappointing, set off a line of criticism aimed at Medicare's programs and questions about the sustainability of the entire ACO model. CMS maintains that ACOs will be the primary healthcare payment model of the future. Critics say ACOs performance standards are not attainable so providers have a hard time taking advantage of the intended benefits. So, which side is right? That depends, partly, on how you read the numbers.

*Here is a look at a few of the 2014 Medicare ACO results as reported by CMS:*

**92** The number of Medicare Shared Savings Program (MSSP) ACOs that kept spending down and earned performance payments in 2014.

**THE GOOD NEWS:** Only 58 ACOs qualified for savings the year before (2013), so the number of ACOs that earned financial benefits increased, as did the total dollar amount saved.

Second and third year program participants earned savings at a rate of 27 and 37 percent respectively. As ACOs gain experience in the program they improve their savings eligibility odds.

**THE BAD NEWS:** There were 333 participants in the Medicare Shared Savings Program in 2014. With only 92 having met the savings threshold, the majority of ACOs in the MSSP program are not meeting eligibility requirements or seeing rewards for their efforts.

**19** The percentage of ACOs that were participating in the MSSP for the first time in 2014 that qualified for savings.

**THE GOOD NEWS:** The numbers only get better after continued participation in the program. Second and third year program participants earned savings at a rate of 27 and 37 percent respectively. As ACOs gain experience in the program they improve their savings eligibility odds.

**THE BAD NEWS:** For most ACOs to earn savings it takes several years.

**89** The number of ACOs that reduced care costs compared to their benchmark, but did not qualify for shared savings, as they did not meet the minimum savings threshold.

**THE GOOD NEWS:** These ACOs are making measurable improvements to the cost of care, which could eventually earn them eligibility for savings if they continue to improve year over year. Plus, even though these ACOs didn't benefit financially, they likely also made some care quality

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improvements that benefit them and their patients.

**THE BAD NEWS:** Obviously, 89 ACOs did not qualify for savings even though they made improvements.

Finally, here are a few other notable points to recap from CMS's reported results:

- 1.** Since the inception of these programs, the number of Medicare beneficiaries served by ACOs has consistently grown from year to year.
- 2.** The MSSP continues to receive strong interest from both new and renewing applicants.

With these points and the 2014 Medicare ACO results in mind, Primaris' conclusion is that ACOs will likely continue to expand and offer additional benefits to participants. CMS has solicited feedback from providers and is proposing improvements to its ACO programs. Commercial ACOs are watching and learning from Medicare. ACOs are evolving and appear to have a strong future as a dominant form of payment for the medical community.

# 5

ACO leaders and all care providers experience significant challenges as they work to reduce care costs and improve patient experiences.

## Breaking down ACO challenges: Improvements you can make now

You probably recognize that for an ACO to be successful it takes a lot of coordination of many different moving parts. ACO leaders and all care providers experience significant challenges as they work to reduce care costs and improve patient experiences. Some of these challenges are technology related. Others are caused by poor communication. In some instances it takes years to overcome obstacles and break down barriers that impede efficiency. Whether you are just getting started with accountable care or you have been at it for a while, here are changes you should consider implementing right now:

**It is up to you as a provider to develop a care system that embraces assistance from case managers and allows them to intervene in patient care.**

## **Make way for case managers to get involved in care.**

The ACO model necessitates preventive care and chronic condition management. Physicians need to be willing to lean heavily on other team members in order to reach care quality goals. It is up to you as a provider to develop a care system that embraces assistance from case managers and allows them to intervene in patient care. Many physicians are used to working independently. Relinquishing control of responsibilities is difficult but necessary for delivering care that helps patients get and stay healthy. You can rely on case managers to provide assistance with everything from calling a patient that has a heart condition to make sure they are following medication instructions, to meeting with a diabetic patient to ensure they know how to perform blood tests at home. This type of chronic care management will enable you to keep patients healthier, keep chronic conditions under control, and reduce avoidable hospitalizations and care costs. Adjust your care system now to make room for case managers.

## **Recruit experts to help you with data management.**

We've talked about this before, but it just can't be said enough: reliable data serves as the foundation for accountable care. When you have data management under control other things fall into place. But data management is one of the biggest hurdles for ACOs — if you struggle with it you

Getting to this point where you have the right information and you can work smarter and make improvements takes serious know-how and data abstraction capabilities.

are not alone. Since data is such an important part of understanding how to improve care quality and efficiency, you really can't settle for simply getting by. Instead you want to have a robust data management system that will put information in your hands so each month you know whether you are meeting quality measures and what things you could be doing better. Getting to this point where you have the right information and you can work smarter and make improvements takes serious know-how and data abstraction capabilities. This is why we suggest outsourcing your data management to an experienced partner.

Both of these suggested actions involve relying on outside support to help you overcome challenges. This is what it means to be part of an ACO. Physicians, hospitals and all providers within an ACO must work together to improve patient care. Relying on others and providing support helps to create seamless care for patients. And it is what can ultimately help you overcome ACO hurdles.