

Accountable Care Organizations

**Linked IPAs and the
Patient/Physician Cooperatives**



Care by Medical Teams

Geisinger Health System and Group Health Cooperative reported from their pilot studies:

- Cut Medical Costs by 7%
- Reduced Hospital Admissions by 20%
- Received back \$1.50 for every \$1.00 invested in implementing the Medical Home Model.
- Reduced ER visits by 29%
- Reduced ambulatory sensitive care admissions by 11%



Care By Medical Teams continued...

Colorado Department of Health Care
Policy's medical home program was:

1. \$785 compared to \$1,000 for control patients
2. Children with chronic conditions median cost were \$2,275 for patients with team doctors compared to \$3,404 for control group.



Linked IPAs' Experience

- Hospital Admissions of 275 per thousand per year for Medicare patients compared to 325 for traditional Medicare patients
- Medical and Administrative Costs of \$809 per member per month compared to \$978 per member per month for traditional Medicare patients



Based On The Evidence

- Team care using a medical home model is more economical,
- It has better medical outcomes for the patients, and
- It pays the providers better than the traditional Medicare and Medicaid programs



The Government's Proposal

- Become a certified ACO and get paid more for the traditional Medicare patients
- Don't act as a team and don't get assigned patients and get paid less even if you get picked by the patients for care



A Good Plan To Follow

- Have agreements with physicians and hospitals who will accept fair prices for their services
- Enroll patients who agree to use the team's physicians and facilities, and who agree to pay fair prices, and who will stay with the team long enough to assure good medical outcomes
- Measure the medical outcomes, find the problems, and fix what is wrong continuously
- Foster and promote the cooperative until we are all OK and free.



CMS Requirements for an ACO

- Have a formal legal structure
- Have enough PCPs to serve 5,000 patients
- Participate in the program for 3 years
- Have fully credentialed providers
- Have management that includes clinical and administrative systems
- Promote evidence based medicine
- Report and evaluate encounters based on quality and cost
- Have electronic medical records
- Be able to do electronic prescribing
- Do care coordination
- Meet the requirements for patient-centered care



CMS Performance Evaluations

- Most recent 3 year A&B expenditures for Medicare fee-for-service vs. the actual expenditures for the ACO will be the basis for a bonus
- Quality rules are to measure:
 1. outcomes of care,
 2. patient experience, and
 3. use and cost of services



Certification & Bonuses: Where are We?

- We already do everything CMS requires except that not all of our member practices are using EMR and E-prescribing
- CMS has not yet released the rules and application, but they expect to do it soon
- Bonus expectations from this are about $\frac{1}{2}$ % of the gross FFS from CMS claims for each practice based on similar programs promoted by CMS in 2011
- In a practice with $\frac{1}{3}$ of it's income coming from Medicare the bonus could be about \$8,000.



Why are hospitals and insurers so interested in the ACOs?

- Hospitals are buying practices to become ACOs
- Insurers are creating their own ACOs through contracting
- Both think that the New Health Care Law is going to force CMS and private insurers to put their claims money through the ACOs
- Both want to control the money first before it is distributed to the providers to protect their own incomes



Why should we be an ACO?

- If the physicians do not get control of the distribution of the money and the management of the patient's care then their share of the health care dollar will drop from the current 22% to something less
- Neither hospitals nor insurers can provide health care to patients. They are both tools meant to make care easier and possible
- If physicians and their patients are not first in these ACOs then goals set forth in the government's plan are not likely to be reached



Current Distribution of the Money

- Insurers 15% *
- Hospitals 40% *
- PCPs 11%
- Specialists 11%
- Pharmacy 5%
- Lab 2%
- All other 16% *

* Source of savings



Survey of EMR Use

- Survey 97 practices in Linked IPAs
- 30 said they had EMR
- 15 had EMRs that were Certified
- 29 had e-prescribing
- 13 said they used a Health Information Exchange
- 17 different EMR systems were named

