



Accountable Care Organizations: Opportunities & Challenges for SNFs

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American Health Care Association

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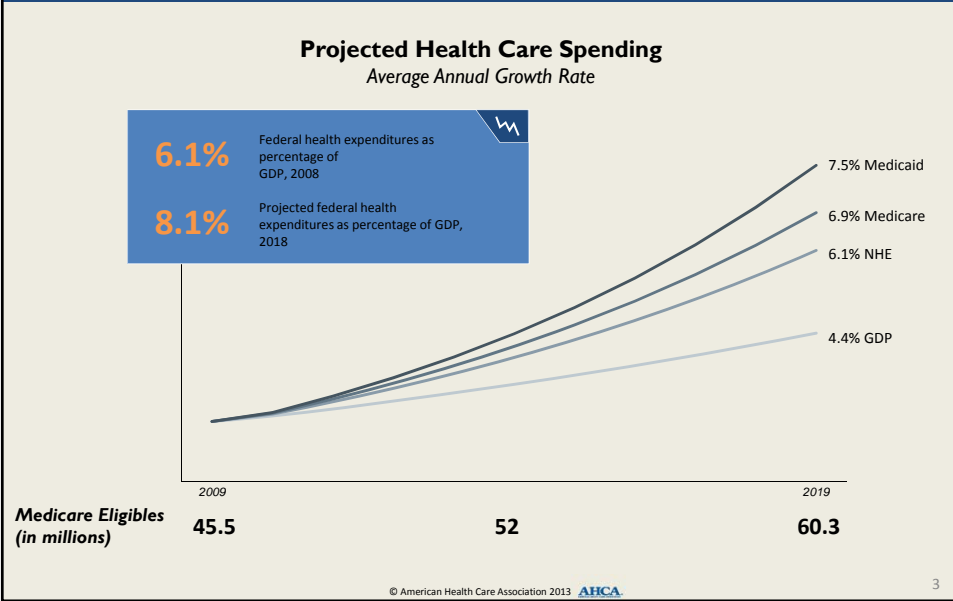
Today's Agenda

- 1 **How Reform is Changing Medicare**
- 2 *Overview of ACOs*
- 3 *Market Realities and SNF Opportunities*
- 4 *Q&A*

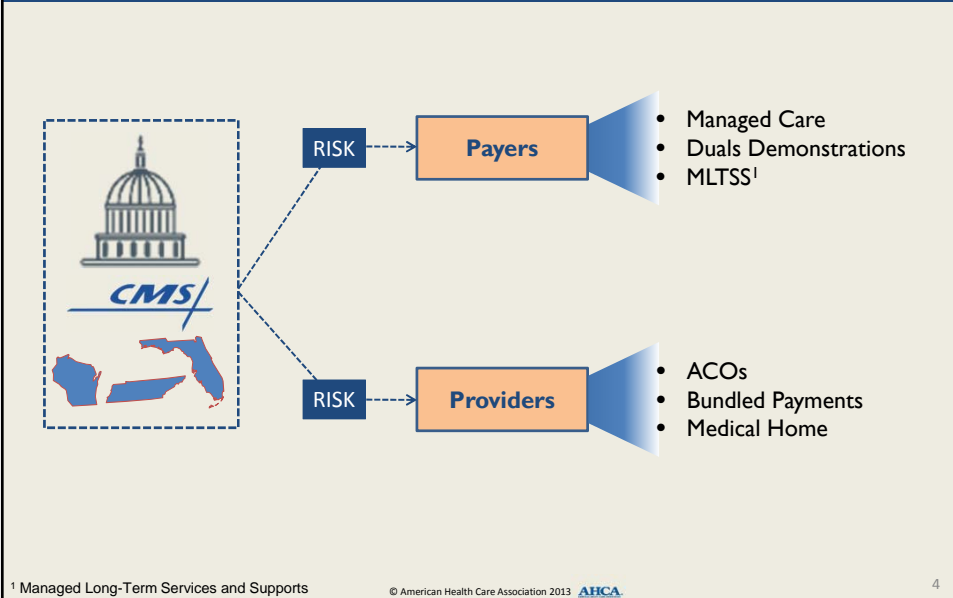
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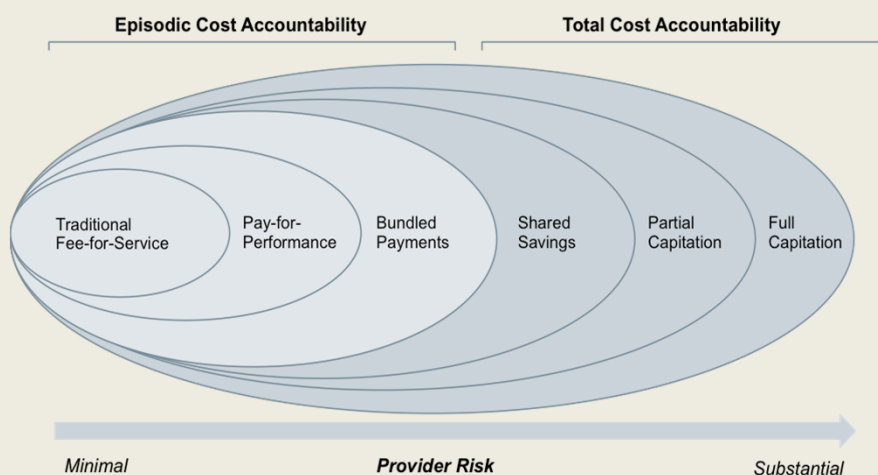
Headed Toward Insolvency?



Governments Limiting Risk Exposure



Providers Taking on More Risk



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PAC in the Crosshairs

■ MedPAC

- Recommendation to rebase SNF rates starting with immediate 4% cut
- Recommendation to create site neutral payments between IRFs and SNFs for select conditions

■ CMS

- Increased scrutiny related to utilization of ultra-high RUGs categories; studies to reform payment for therapy services
- Expected FY2015 proposed rule in May

■ Congress

- Recently passed “doc fix” includes new SNF value-based purchasing/readmissions program
- Similar programs expected for other PAC providers

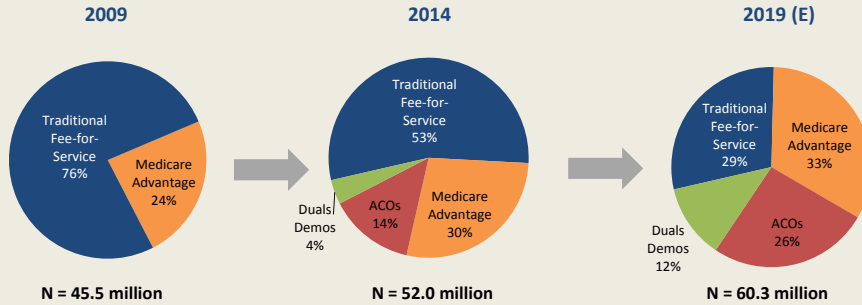
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Erosion of Medicare Fee-for-Service

Under an aggressive set of expectations, Medicare Advantage enrollment will grow faster than FFS enrollment, while ACOs will gain significant market share by 2019

Distribution of Medicare Enrollment

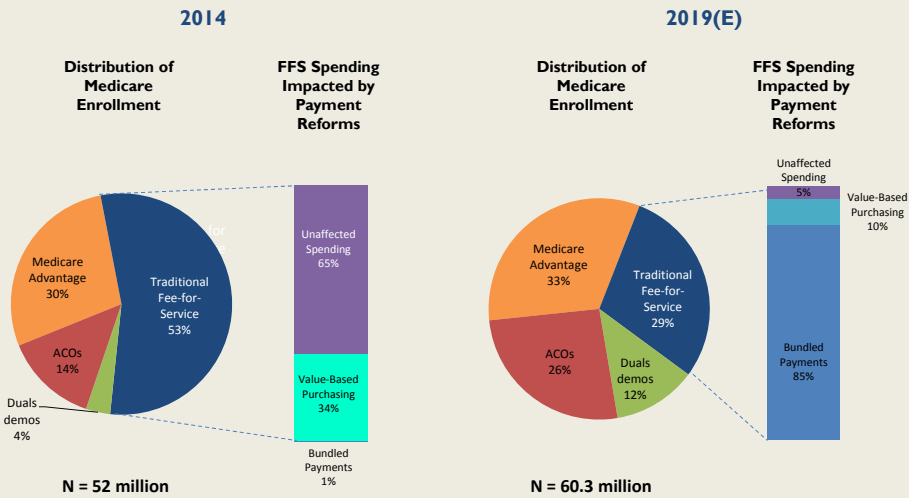


Source: Analysis by Avalere Health.

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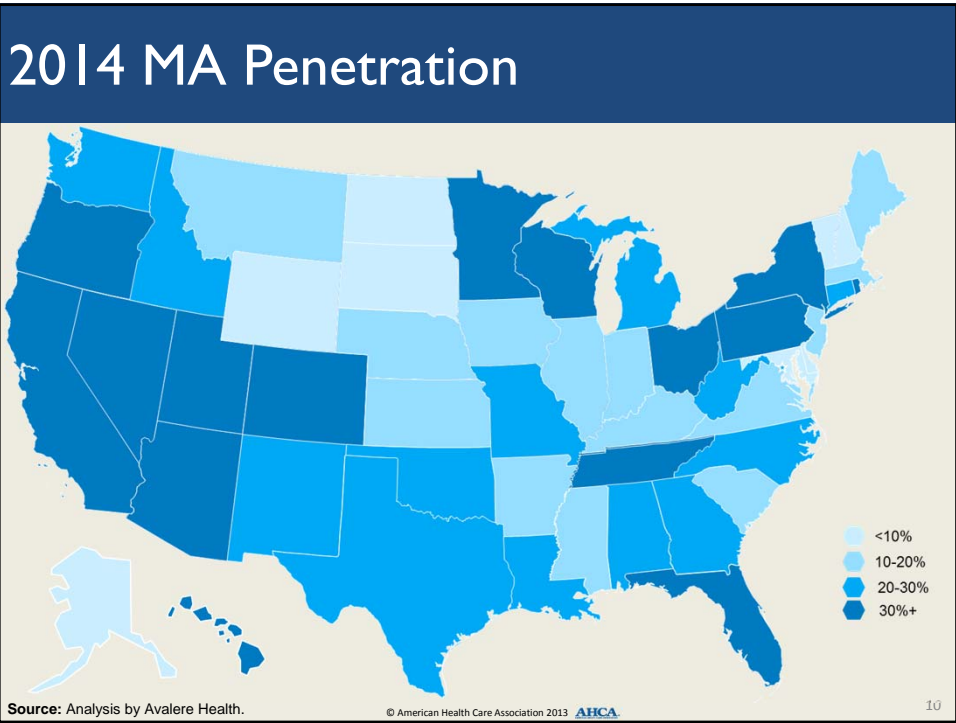
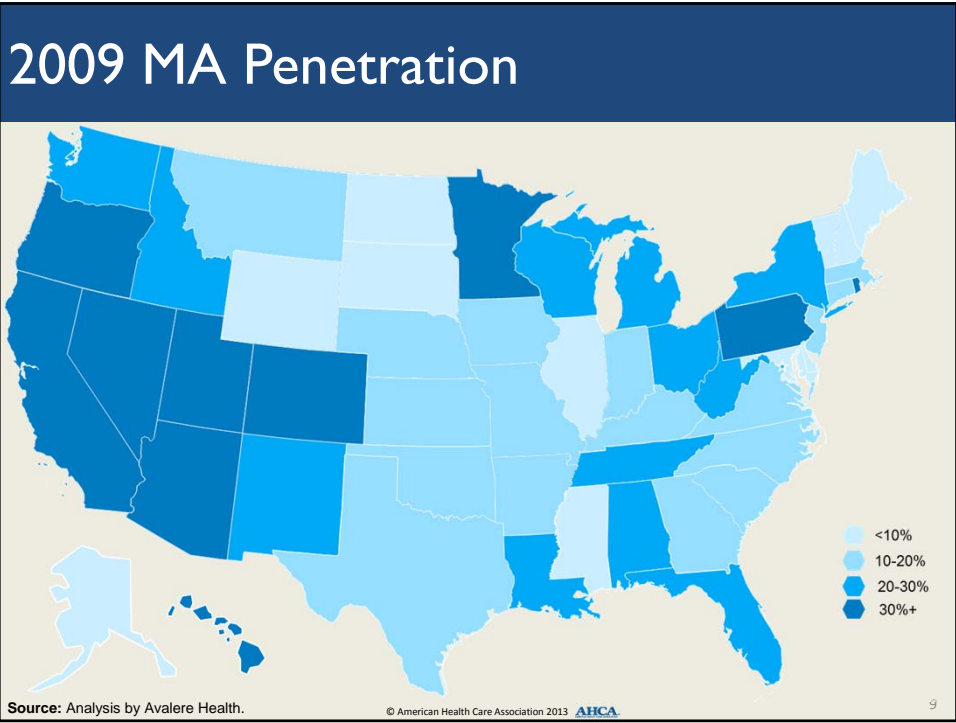
Erosion of Medicare Fee-for-Service



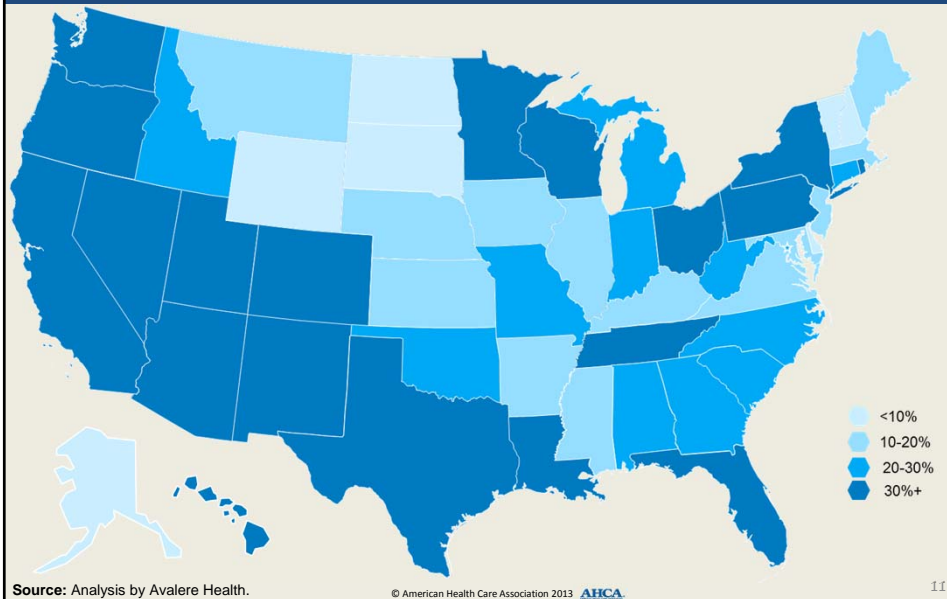
Source: Analysis by Avalere Health.

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2019 MA Penetration (estimated)

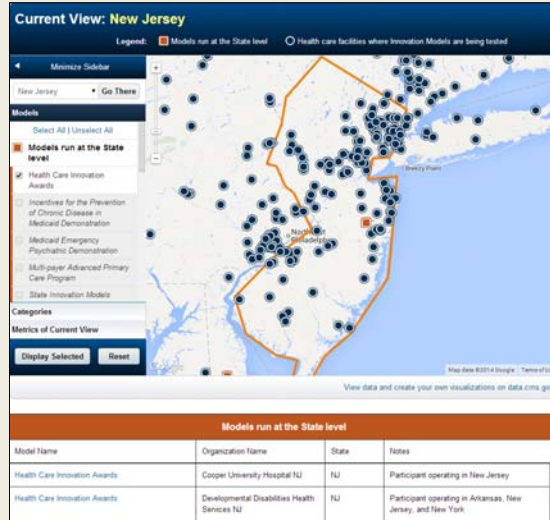


Medicare Turns to Innovation

- CMS Innovation Center (CMMI)
 - Established by Section 1115A of the Social Security Act (added by section 3021 of the ACA)
 - Secretarial authority to expand scope and duration of test models through rulemaking
- Current CMMI Priorities
 - Testing new payment and service delivery models
 - Evaluating results and advancing best practices
 - Engaging broad range of stakeholders to develop additional models for testing

New Jersey Deep into CMMI Demos

Screenshot from CMMI Website



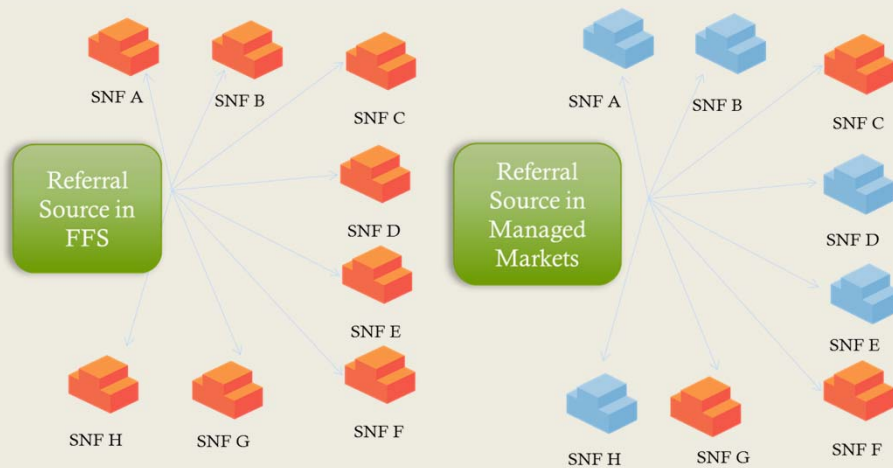
Current Initiatives

- Health Care Innovation Awards
- BPCI Model 1
- BPCI Model 2
- BPCI Model 3
- BPCI Model 4
- Community-based Care Transitions Program
- Comprehensive Primary Care Initiative
- FQHC Advanced Primary Care Practice Demonstration
- Innovation Advisors Program
- Strong Start for Mothers & Newborns Initiative

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Emerging Market Response

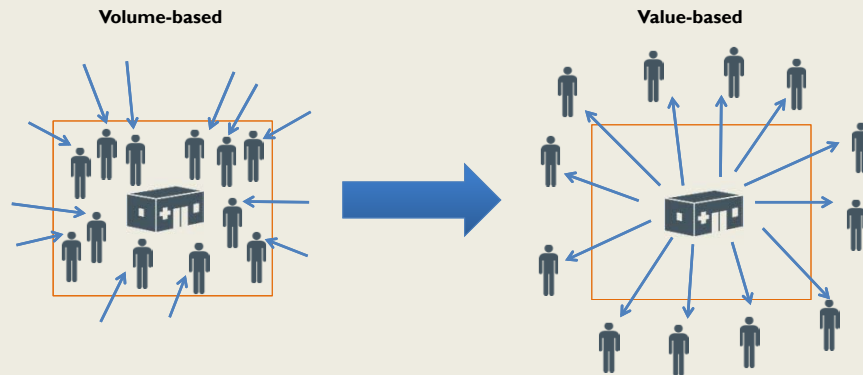


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Changing Business Models

A Shift in Business Priorities



The successful business model of the future will be one that keeps patients healthy and at home.

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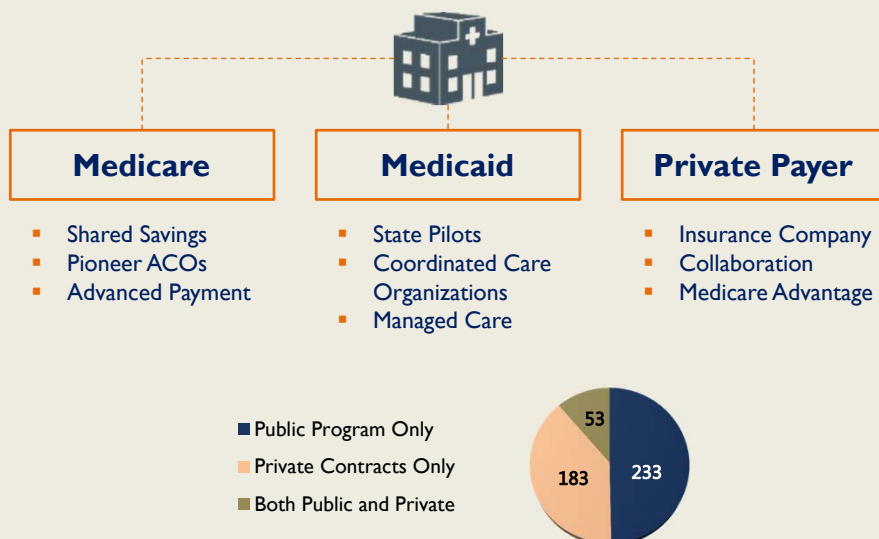
Defining “ACO”

- The ACA established the ACO model within the Medicare program
- A voluntary program where providers can join together to manage and coordinate care for a population of patients, and accept responsibility for the quality and cost of that care
- Medicare ACOs regulated by the Medicare Shared Savings Program (MSSP) rules: 42 CFR Part 425.

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Major Payer Categories of ACOs



Source: Leavitt Partners.

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MSSP Rule Governs Medicare ACOs

- **42 CFR Part 425**

- Subpart A – General Provisions
- Subpart B – Shared Savings Program Eligibility Requirements
- Subpart C – Application Procedures and Participation Agreement
- Subpart D – Program Requirements and Beneficiary Protections
- Subpart E – Assignment of Beneficiaries
- Subpart F – Quality Performance Standards and Reporting
- Subpart G – Shared Savings and Losses
- Subpart H – Data Sharing with ACOs
- Subpart I – Reconsideration Review Process

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Clinical & Administrative Requirements

- MSSP rule requires that ACOs:
 - Promote evidence-based medicine
 - Promote beneficiary engagement
 - Report internally on quality and cost metrics
 - Provide coordinated care across and among primary care providers, specialists, and post-acute providers
- Evaluated on 33 quality metrics divided into categories:
 - Patient/caregiver experience
 - Preventive health
 - Care coordination/patient safety
 - At-risk populations

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Patient Attribution a Potential Issue

- Beneficiaries are *attributed* to ACOs, not enrolled
- Attribution based on where majority of primary care services are received
- If the primary care physician is part of an ACO, the patient is automatically attributed
- Notification letter to patients and opt-out provision

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SNFs May Play Key Role in Attribution



Study Design and Findings

- Looked at the effect of E&M codes for primary care services delivered in PAC settings would have on beneficiary assignment in ACOs
- Found that assignment shifts occurred for **27.6%** of 25,992 community-dwelling beneficiaries with at least one post-acute SNF stay
- Assignment shifts were most common for those incurring higher Medicare spending
- Assignment shifts constituted only **1.3%** of all community-dwelling beneficiaries cared for by large ACO-eligible organizations (n = 535,138), but they accounted for **8.4%** of total Medicare spending for this population

Source: McWilliams, J.M., et al. *Post-Acute Care and ACOs—Who Will Be Accountable?* Health Services Research (HSR), August 2013.

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Medicare ACO Models



Medicare Shared Savings Program

- Program started January 1, 2012; contracts last a minimum of three years
- MSSP establishes financial accountability for quality and total cost of care for attributed population of beneficiaries
- Physician groups and hospitals eligible to participate, but primary care physicians must be included in any ACO group
- Participating ACOs must serve at least 5,000 Medicare beneficiaries
- Bonus potential to depend on Medicare cost savings, quality metrics
 - Two options available: one with no downside risk until year three, the second with downside risk in all three years

Pioneer ACO Model

- Accelerated pathway to ACO formation designed for organizations able to assume utilization risk immediately
- Participating providers must serve at least 15,000 Medicare beneficiaries
- Offers higher risk, higher reward model; providers can obtain rewards ranging from 50-75% of Medicare savings achieved
- Providers can choose retrospective or prospective patient assignment methodology
- Quality measures to match those in final rule for Medicare Shared Savings Program
- Deadline to apply was in August 2011; CMS selected 32 Pioneer ACOs in 2012.

Source: The Advisory Board Company.

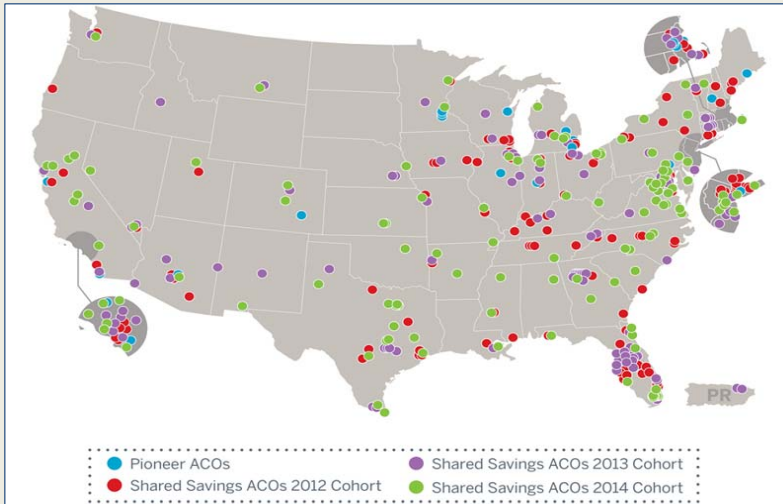
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Where They Are

Medicare Shared Savings and Pioneer ACOs in the United States

January 2014



Source: The Advisory Board Company.

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Key Features of Medicare ACO Models

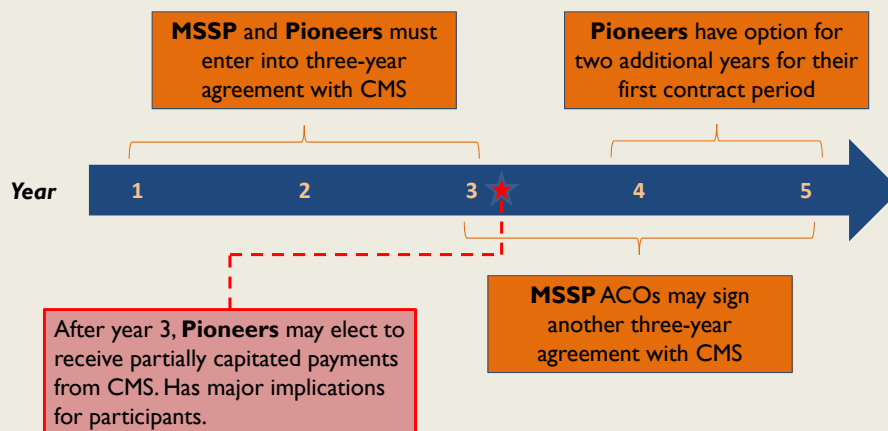
Table Comparing Pioneers to MSSPs

	Pioneer ACOs	MSSP ACOs
Run by	CMMI	CMS
Regulated by	MSSP Rule unless otherwise stated	MSSP Rule
Minimum beneficiaries	15,000	5,000
Application Cycle	One-time (may repeat)	Annual
Contract Length	3 years with option for 2 additional years	3 years
Risk Model	Must be two-sided; options for greater risk exposure, higher bonus potential	May choose one- or two-sided risk, but both require downside risk in year 3

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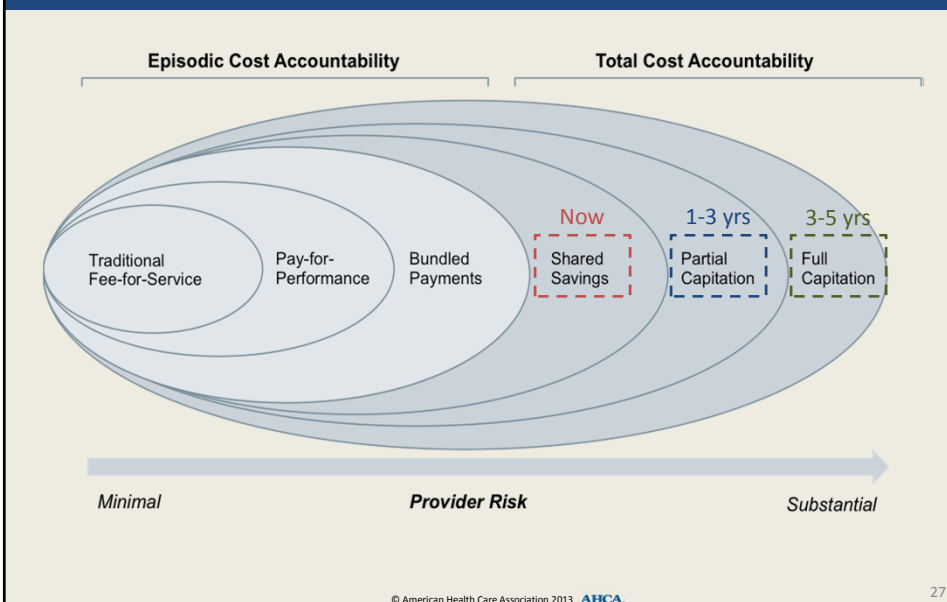
The ACO Life Cycle



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A General Shift toward Provider Risk



Pioneer ACO First Year Results

- Started January 1, 2012, with 32 ACOs
 - 13 achieved shared savings
 - 2 had shared losses
 - 17 either below threshold for sharing or not at risk for losses in first year
- 9 of 32 ACOs withdrew in July 2013
 - 23 staying in Pioneer demonstration
 - 7 applying to be in MSSP
 - 2 likely will not be Medicare ACOs

Pioneer First-Year Issues

- CMS reports program savings and variation in performance. Would like to know:
 - How much is random variation?
 - Will benchmarking need to be refined?
- What is required for overall savings?
 - Program savings reported to by 0.5%
 - ACOs report the cost of running an ACO 1-2%
 - From provider perspective, is this sustainable?
 - How large do savings need to grow to justify the costs?
 - Will savings increase over time?

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The Future of ACOs?



Potential Recommendations

- Base cost benchmarking on overall county spending rather than historical spending on population
- Embed beneficiary incentives by providing lower cost-sharing for in-network ACO providers; "Medigap" Plans specifically for ACO coverage
- Require down-side risk in second contract period for already-established ACOs
- Level the risk adjustment methodology between MA and ACOs

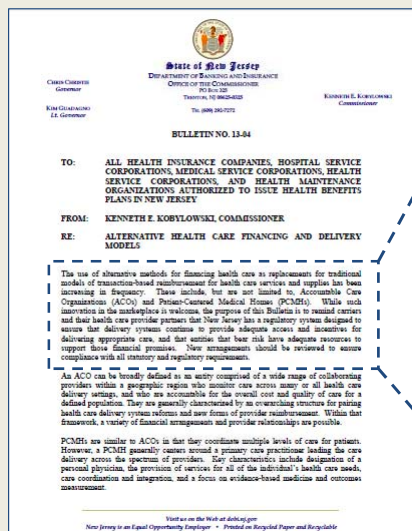
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Will ACOs Become Plans?



Some States Are Saying “No”



“While innovation in the marketplace is welcome, the purpose of this Bulletin is to remind carriers and their health care provider partners that New Jersey has a regulatory system designed to ensure that delivery systems continue to provide adequate access and incentives for delivering appropriate care, and that entities that bear risk have adequate resources to support those financial promises. New arrangements should be reviewed to ensure compliance with all statutory and regulatory requirements.”

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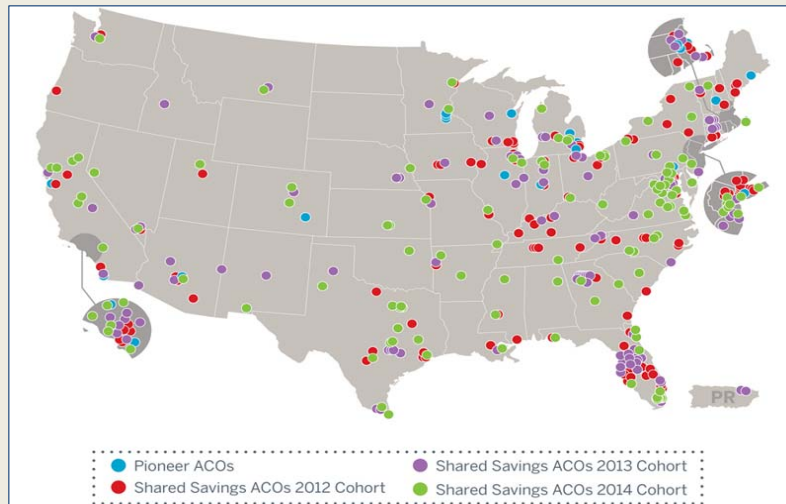
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ACO Adoption is Regionalized

Medicare Shared Savings and Pioneer ACOs in the United States

January 2014

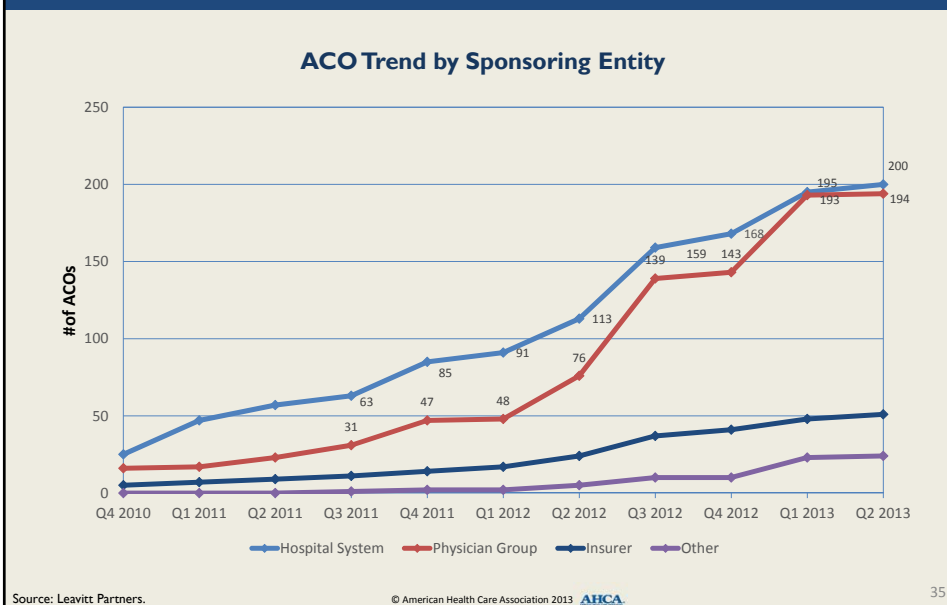


Source: The Advisory Board Company.

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ACOs by Provider Sponsor



Burning Priorities for ACOs to Date

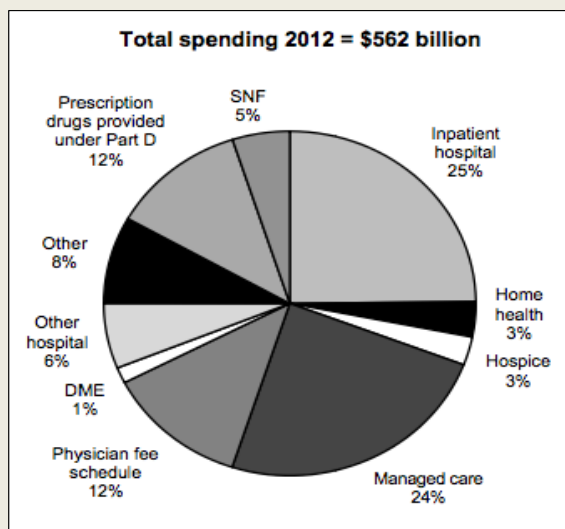
- Aligning physicians and hospitals
- Beneficiary attribution
- Procuring necessary IT systems
- Getting the right data from payers
- Establishing data sharing and communication networks
- Focusing on developing Medical Home models in primary care practices

What about post-acute care?

Why Not Post-Acute?

In health care, SNF care and other PAC spending accounts for very small fraction of the total healthcare spend.

But the focus is now shifting to post-acute providers.



Source: MedPAC data.

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Major Trends

- Hospitals aggressively buying physicians
- Placing tremendous pressure on SNF LOS reductions
- Scrambling to develop PAC provider networks, often using blunt techniques to choose
- Deliberate steering of patients to owned / affiliated facilities
- Some internal development of PAC capabilities (building/buying)

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Aggressive Network Narrowing



Case in Brief: Michigan Pioneer ACO

- Product of Detroit Medical Center, a 2,000-bed academic health system located in the Midwest
- Stratifies patients into three tiers based on frequency of interaction with system, acuity level
- Within Tier 2, greatest area of focus, further stratifies into high-, medium-, and low-risk
- Home health narrowing process involved collection of cost and quality data as well as a series of in-person interviews
- Uses technology platform to coordinate care between ACO providers, PAC providers, caregivers; gives interested family members access to a limited view of patient's record

Pared Home Health Partners from **47** down to **8** by evaluation based on:

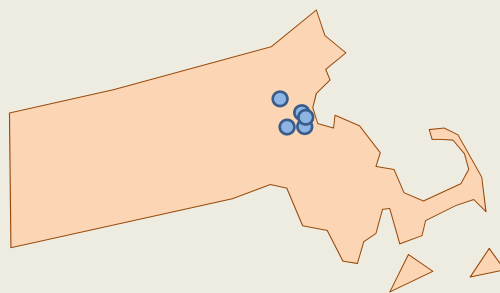
- **Interest in Partnership:** Orgs responding to invitation to interview
- **Technology:** Orgs with an EMR
- **Quality:** Orgs above state average on five quality measures
- **Cost:** Orgs below cost-per-case threshold
- **Capacity:** Orgs with average daily census > 100

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A Look at Massachusetts' Pioneers

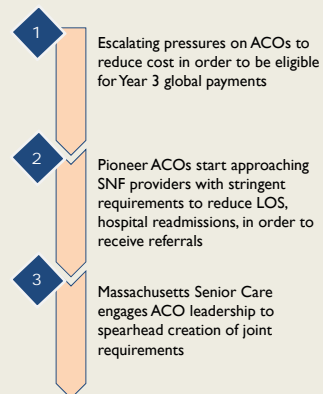
Pioneer ACOs in Eastern Massachusetts



The Players

- | | |
|--|------------------------------------|
| ▪ Atrius Health | ▪ Mount Auburn Cambridge |
| ▪ Beth Israel Deaconess Physician Organization | ▪ Independent Practice Association |
| | ▪ Partners Healthcare |
| | ▪ Steward Health Care System |

Timeline of Events



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Over of SNF/ACO Joint Goals



General

- Staffing
- System Continuity
- Quality Improvement Efforts

Pre-Admission

- Screening/Admission
- Medical Coverage
- Care Transitions

During Stay

- Facility Environment
- Care Systems
- Care Planning/Coordination

At Discharge/Post-Discharge

- Medication Reconciliation
- Advance Directive Documentation
- Communication of Discharge Paperwork
- Standard Discharge Planning Checklist
- Selection of Transfer Facility

Reporting Expectations

What ACOs are looking for in PAC

- ACOs are looking at specific measures to try and evaluate SNF performance:
 - Readmission rates
 - Length of stay
 - Return to community (potentially)
- ACOs want providers who:
 - Can coordinate care for patients in the PAC setting
 - Can easily share and accept data
 - Can provide full spectrum of PAC services

ACOs Narrowing Their Focus

ACO Priority Metrics

Length of Stay



Know your ALOS for specific conditions and trend over time

30-day Readmissions



Know your 30-day readmission rate by key conditions and be able to show improvement



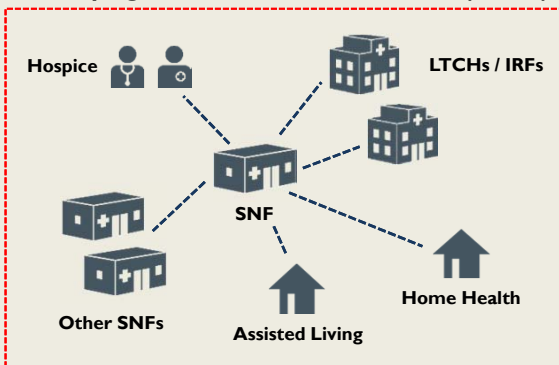
- Run reports on your facilities across a range of performance and quality metrics
- Generate comparison reports between your facility and your peer group

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Building a PAC Network

Developing a Post-Acute Care Network (PACN) *



Key Strategies

- Identify key areas of concerns and gaps in referrer capabilities (i.e., post-discharge patient tracking)
- Identify potential partners in your market to address those gaps
- Market the PACN to potential ACOs or other referring entities

* Consult with legal counsel to assess viable options for forming PACs in your health care market

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3-day Stay Waiver an Opportunity for SNFs

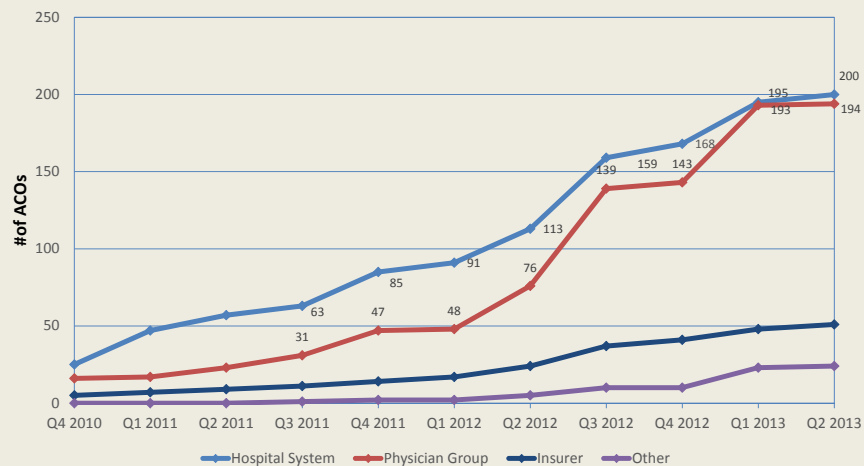
- In September, 2013, CMS announced that Pioneer ACOs may apply for a three-day stay waiver for their partner SNFs
- Pioneers may apply for the waiver with CMS, obtain letters of intent from SNFs
- **SNF Must...**
 - Have a 5-star quality rating of 3 stars or higher
 - Not be participating in BPCI Model 3

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ACOs by Provider Sponsor

ACO Trend by Sponsoring Entity



Source: Leavitt Partners.

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Physician-Led ACOs

- SNFs may find particular opportunity in working with physician-led ACOs, as opposed to hospital-led ACOs
- May be more motivated to use SNFs as an alternative to the hospital
- Paired with a waiver of the 3-day stay requirement, may present significant strategic and business advantage for SNFs

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Trends in ACO-SNF Contracting

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SNF Options to Participate

As an "ACO Participant"

- Regulated under the MSSP Rule
- Part of the ACO's legal structure
- Guaranteed shared savings

As an "Other Entity"

- Defined under MSSP but less regulated
- Not part of the ACO's legal structure
- ACO may share in savings but not required

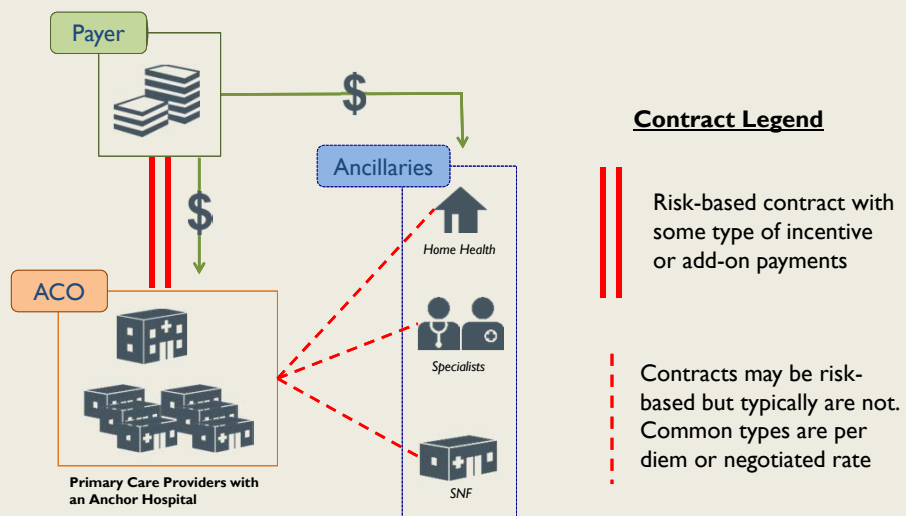
As a Contractor of the ACO

- Regulated by contract, not MSSP Rule
- Not part of the ACO's legal structure
- ACO may share in savings but not required

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Typical ACO Structure in Today's Market



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Independent SNF Direct Participation



"Participant" ACO Contract

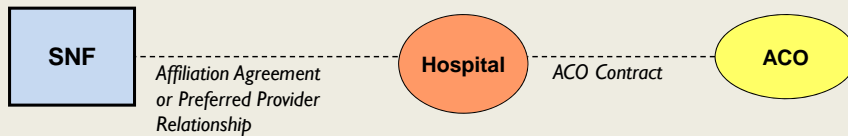
- Medicare Exclusivity
- Included for Attribution, Quality Reporting, Cost Benchmarking

"Other Entity" ACO Contract

- No Medicare Exclusivity
- Not Included for Attribution, Quality Reporting, Cost Benchmarking

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Independent SNF Indirect Participation

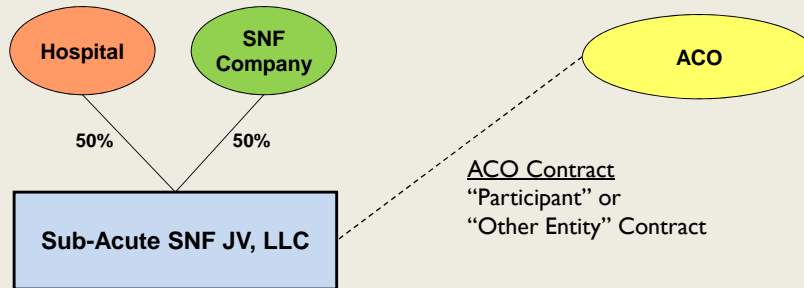


Elements of Affiliation Agreement

- Post-Acute Care Committee
- Strategic Planning Committee
- Physician Rounding / Call Service
- No Remuneration

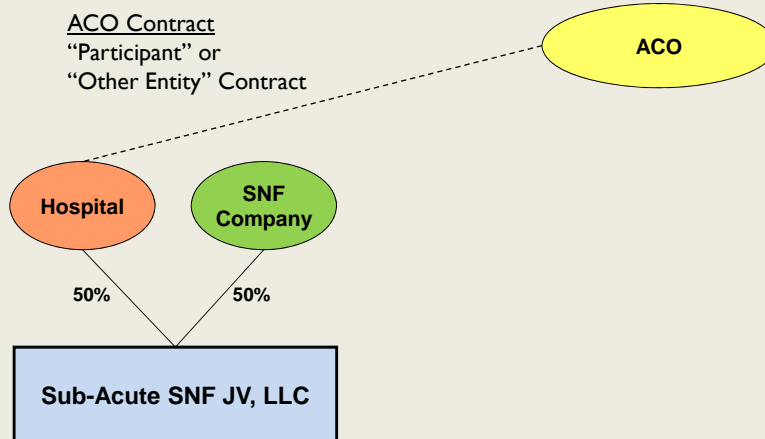
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Subacute SNF JV Model – Direct Participation



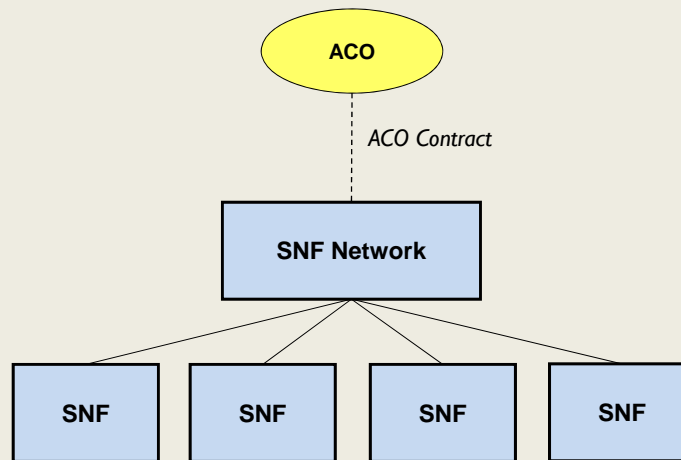
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Subacute SNF JV Model – Indirect Participation



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Horizontal SNF Network Participation



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What is AHCA Doing?

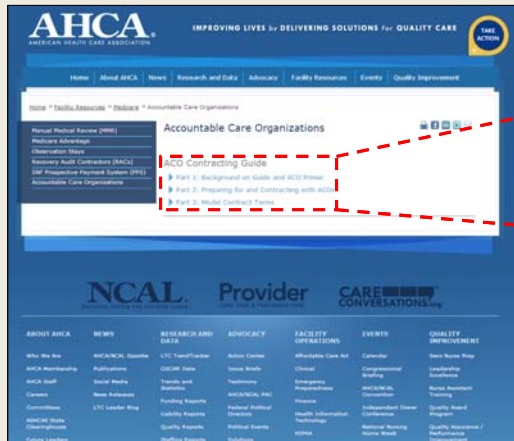
- Educational support to member facilities
- Data sharing pilots with ACOs in Massachusetts, elsewhere
- Regulatory lobbying during rulemaking process
- AHCA has developed an **ACO Contracting Guide** to educate and guide members through the regulatory and contracting environment of ACOs

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AHCA's New ACO Contracting Guide

AHCA's ACO Webpage



ACO Contracting Guide

- Part 1: Background on Guide and ACO Primer
- Part 2: Preparing for and Contracting with ACOs
- Part 3: Model Contract Terms

Link:

http://www.ahcanal.org/facility_operations/medicare/Pages/Accountable-Care-Organizations.aspx

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- 1 Setting the Stage for Reform
- 2 Trends in Accountable Care
- 3 Imperatives for PAC Providers
- 4 Q&A

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