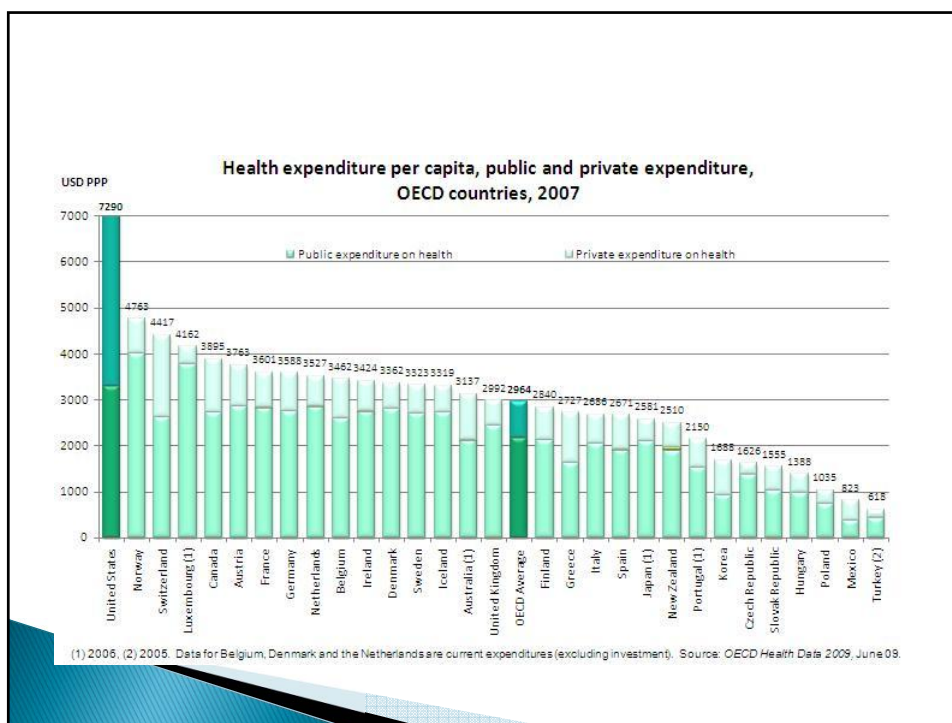


Accountable Care Briefing

Prepared by
Strategic Business Alternatives, LLC
Kevin J. O'Brien

Accountable Care Briefing

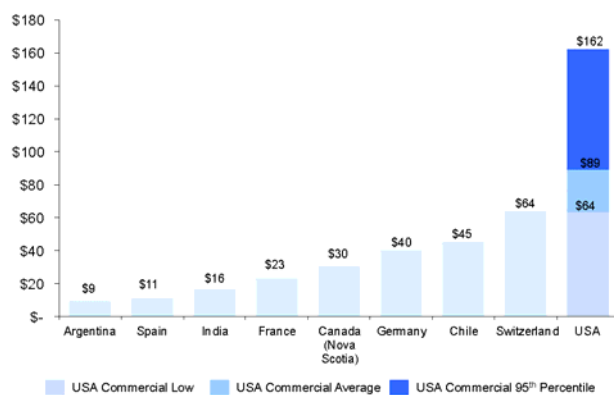
- ▶ The Cost/Utilization Dilemma
- ▶ The Triple Aim
- ▶ The National Quality Strategy
- ▶ Accountable Care Management
- ▶ Other Key Initiatives
 - Bundled Payments
 - Readmission Penalties
 - Star Ratings
 - Value Based Reimbursement



Health Expenditure Comparisons – Its Probably Not Utilization

We must get at improved Health Quality if we're to maintain pricing levels

Physician Fees Routine Office Visit (\$US)

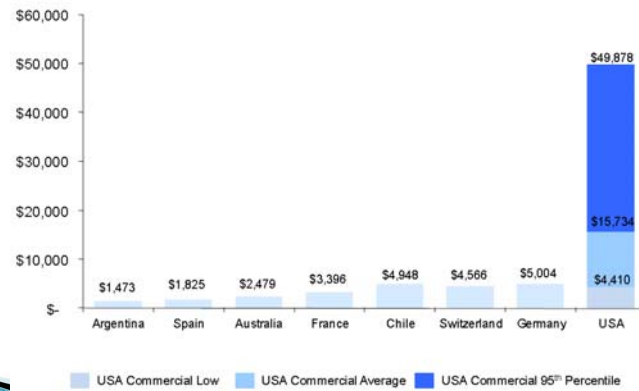


Source: International Federation of Health Plans 2011 Comparative Price Report, Medical and Hospital Fees by Country

Health Expenditure Comparisons – Its Probably Not Utilization

We must get at improved Health Quality if we're to maintain pricing levels

Hospital Charges
Cost Per Hospital Stay (\$US)



Source: International Federation of Health Plans 2011 Comparative Price Report, Medical and Hospital Fees by Country

Health Expenditure Comparisons – Its Probably Not Utilization

We must get at improved Health Quality if we're to maintain pricing levels

Drug Prices
Lipitor



Source: International Federation of Health Plans 2011 Comparative Price Report, Medical and Hospital Fees by Country

Health Expenditure Comparisons – Its Probably Not Utilization

We must get at improved Health Quality if we're to maintain pricing levels

Metric	US	OECD
Discharge Rate Per 1,000	126.3	157.8
Physician Visits Per Year	3.8	6.8
Average Length of Stay	5.5	UK: 7.2 Germany: 7.8

Source: Altman/Schactman: Power, Politics, and Universal Health Care

Equity Healthcare

- ▶ Blackstone Group and 5 other Private Equity Firms
- ▶ Group Purchasing Organization for Self Funded Benefits
- ▶ 300,000 Lives, \$1.5 Billion in total healthcare spend
- ▶ Discounts and turnkey solution---EH negotiates with suppliers and provides oversight in the administration of this unique model.
- ▶ Not-for-profit pricing model---EH covers it costs as the value accrues through better portfolio company performance.
- ▶ Portfolio companies stay in charge---continue to design their own benefits and work with brokers/consultants of their choice.
- ▶ Long-term gain---portfolio companies can remain in EH even after private equity divestiture.

Davita/HCP Acquisition

- ▶ \$4.7 Billion Acquisition of HealthCare Partners
- ▶ DaVita – \$8 Billion National Dialysis Management Company
- ▶ HealthCare Partners – \$2.4 Billion, 700 physician group with 8,300 IPA affiliated physicians with EBITDA of \$525 million
- ▶ National move to integrate Dialysis??
- ▶ Dialysis and ACOs under one roof??

The Triple Aim/Don Berwick

Improving the U.S. health care system requires simultaneous pursuit of three aims:

- improving the experience of care,
- improving the health of populations, and
- reducing per capita costs of health care.

Preconditions for this include:

- the enrollment of an identified population,
- a commitment to universality for its members, and
- the existence of an organization (an “integrator”) that accepts responsibility for all three aims for that population.

The Triple Aim/Don Berwick

The integrator's role includes at least five components:

- partnership with individuals and families,
- redesign of primary care,
- population health management,
- financial management, and
- macro system integration.

Several Industry Sectors are Reorganizing toward the role of the Integrator

- Health Plans
- Hospitals (ACOs)
- Physician Group Practices and IPAs (ACOs)
- Health Benefit Administrators
- *Communities via Local Public Health Offices??*

Health and Human Services – The National Quality Strategy (NQS)

Three Aims

- **Better Care:** Improve the overall quality, by making health care more patient-centered, reliable, accessible, and safe.
- **Healthy People/Healthy Communities:** Improve the health of the U.S. population by supporting proven interventions to address behavioral, social and, environmental determinants of health in addition to delivering higher-quality care.
- **Affordable Care:** Reduce the cost of quality health care for individuals, families, employers, and government.

Health and Human Services – The National Quality Strategy (NQS)

Six Priorities

- Making Care **Safer**
- Ensuring **Person and Family Centered** Care
- Promoting Effective Communication and **Coordination of Care**
- Promoting the Most **Effective Prevention and Treatment** of the Leading Causes of Mortality, Starting With **Cardiovascular Disease**
- Working With **Communities** to Promote Wide Use of Best Practices to Enable **Healthy Living**
- Making **Quality Care** More **Affordable**

National Quality Forum (NQF), the NPP, and Input to the NQS

Three Strategic Opportunities for Accelerating Improvement

- There must be a national strategy for data collection, measurement, and reporting that supports performance measurement and improvement efforts of public- and private-sector stakeholders at the national and community level.
- There must be an infrastructure at the community level that assumes responsibility for improvement efforts, resources for communities to benchmark and compare performance, and mechanisms to identify, share, and evaluate progress.
- There must be ongoing payment and delivery system reform—emphasizing primary care—that rewards value over volume; promotes patient-centered outcomes, efficiency, and appropriate care; and seeks to improve quality while reducing or eliminating waste from the system.

National Quality Forum (NQF), the NPP, and Input to the NQS

- Focus on the **same set of priorities and goals**
- The **imperative exists now** for the public and private sectors to **row in the same direction**
- The key to **health and well-being** begins **long before an individual enters the healthcare system**
- Identify ways to **collaborate within communities** to accelerate progress on **healthy behaviors and social determinants** as contributors to health
- Use the **same data platforms, measures, and public reporting of performance.**
- Send **unified signals to the market** about incentives and rewards.

National Quality Forum (NQF), the NPP, and Input to the NQS *Work With Communities to enable Healthy Living and Well-Being*

National Priority: Work with communities to promote wide use of best practices to enable healthy living and well-being.		
GOALS	Promote healthy living and well-being through community interventions that result in improvement of social, economic, and environmental factors.	Measure Concepts
	Promote healthy living and well-being through interventions that result in adoption of the most important healthy lifestyle behaviors across the lifespan.	
	Promote healthy living and well-being through receipt of effective clinical preventive services across the lifespan in clinical and community settings.	
		<ul style="list-style-type: none"> • Adequate social support • Emergency department visits for injuries • Healthy behavior index • Binge drinking • Obesity • Mental health • Dental caries and untreated dental decay • Use of the oral health system • Immunizations

National Quality Forum (NQF), the NPP, and Input to the NQS

Focus on Cardiovascular Disease

National Priority: Promote the most effective prevention, treatment, and intervention practices for the leading causes of mortality, starting with cardiovascular disease.

GOALS	Promote cardiovascular health through community interventions that result in improvement of social, economic, and environmental factors.	Measure Concepts	• Access to healthy foods
	Promote cardiovascular health through interventions that result in adoption of the most important healthy lifestyle behaviors across the lifespan.		• Access to recreational facilities
	Promote cardiovascular health through receipt of effective clinical preventive services across the lifespan in clinical and community settings.		• Use of tobacco products by adults and adolescents
			• Consumption of calories from fats and sugars
			• Control of high blood pressure
			• Control of high cholesterol

National Quality Forum (NQF), the NPP, and Input to the NQS

Ensure Person- and Family-Centered Care

National Priority: Ensure person- and family-centered care.

GOALS	Improve patient, family, and caregiver experience of care related to quality, safety, and access across settings.	Measure Concepts	• Patient and family experience of quality, safety, and access
	In partnership with patients, families, and caregivers—and using a shared decision-making process—develop culturally sensitive and understandable care plans.		• Patient and family involvement in decisions about healthcare
	Enable patients and their families and caregivers to navigate, coordinate, and manage their care appropriately and effectively.		• Joint development of treatment goals and longitudinal plans of care
			• Confidence in managing chronic conditions
			• Easy-to-understand instructions to manage conditions

National Quality Forum (NQF), the NPP, and Input to the NQS

Make Care Safer

National Priority: Make care safer.		
GOALS	Reduce preventable hospital admissions and readmissions.	Measure Concepts
	Reduce the incidence of adverse healthcare-associated conditions.	
	Reduce harm from inappropriate or unnecessary care.	
		<ul style="list-style-type: none"> •Hospital admissions for ambulatory-sensitive conditions •All-cause hospital readmission index •All-cause healthcare-associated conditions •Individual healthcare-associated conditions •Inappropriate medication use and polypharmacy •Inappropriate maternity care •Unnecessary imaging

National Quality Forum (NQF), the NPP, and Input to the NQS

Promote Effective Communication and Care Coordination

National Priority: Promote effective communication and care coordination.		
GOALS	Improve the quality of care transitions and communications across care settings.	Measure Concepts
	Improve the quality of life for patients with chronic illness and disability by following a current care plan that anticipates and addresses pain and symptom management, psychosocial needs, and functional status.	
	Establish shared accountability and integration of communities and healthcare systems to improve quality of care and reduce health disparities.	
		<ul style="list-style-type: none"> •Experience of care transitions •Complete transition records •Chronic disease control •Care consistent with end-of-life wishes •Experience of bereaved family members •Care for vulnerable populations •Community health outcomes •Shared information and accountability for effective care coordination

National Quality Forum (NQF), the NPP, and Input to the NQS

Make Quality Care Affordable

National Priority: Make quality care affordable for people, families, employers, and governments		
GOALS	Ensure affordable and accessible high-quality healthcare for people, families, employers, and governments.	Measure Concepts
	Reduce total national healthcare costs per capita by 5 percent and limit the increase in healthcare costs to no more than 1 percent above the consumer price index without compromising quality or access.	
	Support and enable communities to ensure accessible, high-quality care while reducing unnecessary costs.	
		<ul style="list-style-type: none"> • Consumer affordability index • Consistent insurance coverage • Inability to obtain needed care • National/state/local per capita healthcare expenditures • Average annual percentage growth in healthcare expenditures • Menu of measures of unwarranted variation of overuse, including: <ul style="list-style-type: none"> - Unwarranted diagnostic/medical/surgical procedures - Inappropriate/unwanted nonpalliative services at end of life - Cesarean section among low-risk women - Preventable emergency department visits and hospitalizations

Accountable Care Management: Four Dimensional Management

- Population Attribution Management (Plurality and Data Access)
- Cost/Utilization Management (Readmissions, ACSC, LANE)
- Quality Management (Gaps in Care and Patient Satisfaction)
- Risk Score Management (Accurate Diagnosis)

Accountable Care Management: Key Issues

- Chronicity displacing demographics as *the* predictor of healthcare utilization
- Approximately one in six (~16%) of Medicare Discharges results in a Readmission within 30 Days
- 50% of All Cause 30 Day Readmissions occur within 11 days, 25% within 5 Days and about 15% within 3 Days
- In a given year, approximately 80% of Medicare Beneficiaries have no inpatient admission, 12% have one admission, 8% have multiple admissions, and only 4% have one or more 30-Day readmissions

Accountable Care Organizations – Medicare Outcome Measures

	NQF Measure	Measure Steward	Method of Data Submission
AIM: Better Care for Patients			
Patient/Caregiver Experience			
Getting Timely Care, Appointments, and Information	NQF #5	AHRQ	CAHPS Survey
How Well Your Doctors Communicate	NQF #5	AHRQ	CAHPS Survey
Patients' Rating of Doctor	NQF #5	AHRQ	CAHPS Survey
Access to Specialists	NQF #5	AHRQ	CAHPS Survey
Health Promotion and Education	NQF #5	AHRQ	CAHPS Survey
Shared Decision Making	NQF #5	AHRQ	CAHPS Survey
Health Status/Functional Status	NQF #6	AHRQ	CAHPS Survey

Accountable Care Organizations – Medicare Outcome Measures

	NQF Measure	Measure Steward	Method of Data Submission
AIM: Better Care for Patients			
Care Coordination/Patient Safety			
Risk-Standardized All Condition Readmission		CMS	Claims
Ambulatory Sensitive Conditions Admissions: Chronic Obstructive Pulmonary Disease	NQF #275	AHRQ	Claims
Ambulatory Sensitive Conditions Admissions: Congestive Heart Failure	NQF #277	AHRQ	Claims
Percent of PCPs who Successfully Qualify for an EHR Incentive Program Payment		CMS	EHR Incentive Program
Medication Reconciliation: Reconciliation After Discharge From an Inpatient Facility	NQF #97	NCQA	GPRO Web Interface
Falls: Screening for Fall Risk	NQF #101	NCQA	GPRO Web Interface

Accountable Care Organizations – Medicare Outcome Measures

	NQF Measure	Measure Steward	Method of Data Submission
AIM: Better Health for Populations			
Preventive Health			
Influenza Immunization	NQF #41	AMA-PCPI	GPRO Web Interface
Pneumococcal Vaccination	NQF #43	NCQA	GPRO Web Interface
Adult Weight Screening and Follow-Up	NQF #421	CMS	GPRO Web Interface
Tobacco Use Assessment and Tobacco Cessation Intervention	NQF #28	AMA-PCPI	GPRO Web Interface
Depression Screening	NQF #418	CMS	GPRO Web Interface
Colorectal Screening	NQF #34	NCQA	GPRO Web Interface
Mammography Screening	NQF #31	NCQA	GPRO Web Interface
Proportion of Adults 18+ who had their Blood Pressure Measured within the Preceding 2 Years		CMS	GPRO Web Interface

Accountable Care Organizations – Medicare Outcome Measures

AIM: Better Health for Populations	NQF Measure	Measure Steward	Method of Data Submission
At Risk Population - Diabetes			
Diabetes Composite: HbA1c < 8	NQF #0729	MN Community Measurement	GPRO Web Interface
Diabetes Composite: LDL < 100	NQF #0729	MN Community Measurement	GPRO Web Interface
Diabetes Composite: BP < 140/90	NQF #0729	MN Community Measurement	GPRO Web Interface
Diabetes Composite: Tobacco Non-Use	NQF #0729	MN Community Measurement	GPRO Web Interface
Diabetes Composite: Aspirin Use	NQF #0729	MN Community Measurement	GPRO Web Interface
Diabetes Composite: HbA1c > 9	NQF #59	NCQA	GPRO Web Interface

Accountable Care Organizations – Medicare Outcome Measures

AIM: Better Health for Populations	NQF Measure	Measure Steward	Method of Data Submission
At Risk Population - Hypertension			
Blood Pressure Control	NQF #18	NCQA	GPRO Web Interface
At Risk Population - Ischemic Vascular Disease			
Complete Lipid Profile and LDL < 100	NQF #75	NCQA	GPRO Web Interface
Use of Aspirin or Another AntiThrombotic	NQF #68	NCQA	GPRO Web Interface
At Risk Population – Heart Failure			
Beta Blocker Therapy for Left Ventricular Systolic Dysfunction	NQF #83	AMA-PCPI	GPRO Web Interface
At Risk Population – Coronary Artery Disease			
Drug Therapy for Lowering LDL Cholesterol	NQF #74	CMS/AMA-PCPI	GPRO Web Interface
ACE or ARB Therapy for Patients with CAD and Diabetes and/or Left Ventricular Systolic Dysfunction	NQF #66	CMS/AMA-PCPI	GPRO Web Interface

Accountable Care Management: Key Priorities

Readmissions (but No NOA and you have to find the 4-5%)

Ambulatory-sensitive admissions (AHRQ)

Low-Acuity Non-Emergent (LANE) ER visits

Unwarranted diagnostic/medical/surgical procedures (Choose Wisely)

Biologics, and

End-of-life and hospice care, especially unwarranted non-palliative services at the end of life

Other Key Medicare Hospital Initiatives

Bundled Payments

- Link payments for multiple services during an episode of care.
- For example, instead of a surgical procedure generating multiple claims from multiple providers, the entire team is compensated with a “bundled” payment that provides incentives to deliver health care services more efficiently while maintaining or improving quality of care
- 2 Payments Types, 4 Models
 - Model 1 Inpatient Stay Only/Discounted FFS
 - Model 2 Inpatient Stay plus Post-Discharge Services/Retrospective Comparison to Target Price
 - Model 3 Post Discharge Services Only/Retrospective Comparison to Target Price
 - Model 4 Inpatient Stay Only/Prospective Target Price

Other Key Medicare Hospital Initiatives

Readmission Penalties

- Acute care hospitals
- Higher-than-average 30-day risk-adjusted readmission rates for heart failure, acute myocardial infarction, and pneumonia cases
- Between July 1, 2008, and June 30, 2011,
- Will receive reduced Medicare payments starting in FY 2013, capped at a maximum of 1% of inpatient payments
- Penalties will increase to a maximum of 2% of inpatient payments in FY 2014 and 3% from FY 2015 onwards.

Other Key Medicare Hospital Initiatives

Readmission Penalties

- 3,100 hospitals included in the readmissions program,
- 2,271 hospitals experienced some degree of reduced payment due to “worse-than-average” readmission performance
- Total Penalties assessed were about \$280 million
- 301 hospitals received the maximum penalty of 1%.
- All but 2 NJ Hospitals (Morristown/Overlook) received penalties.

Closing Thought

Leadership = Reconciling Opportunity and Competency

- If Not Now, When?
- If Not You, Who?

Admiral Thad Allen, Retired Commandant of the Coast Guard

You Can Find Me At:

Kevin J. O'Brien
Founder and Chief Executive Officer
Strategic Business Alternatives, LLC
www.StrategicBusinessAlternatives.com

Kevin.O'Brien@StrategicBusinessAlternatives.com
SBA Blog: <http://strategicbusinessalternatives.wordpress.com/>