ACO Overview
Making sense of the Final Medicare Shared Savings Program Regulations

Introduction

Objectives
1. Present a high level overview of the Medicare Shared Savings Program and the requirements to participate in the Program as an ACO.
2. Describe key characteristic of ACOs that will increase their probability of realizing an ROI from their initial and ongoing ACO-related investments.
3. Enable participants to evaluate the short-term and long-term fit of the ACO model for their organization and identify alternative strategies to short-term adoption of the ACO model.

Agenda
- Definitions
- Eligibility
- Options
- Operations
- Anticipated Impact
- ACO Activity
- ACO Insights
- Questions & Answers

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Definitions

“Like unicorns. No one has ever really seen one locally, but everyone seems to know what they look like.”

Jim Fitzpatrick, VP MA Hospital Association

Technical Definition

Medicare Shared Savings Program

“A shared savings program that promotes accountability for a patient population, coordinates items and services under Medicare Part A and B, and encourages investment in infrastructure and redesigned care processes for high quality and efficient care.”

Accountable Care Organization

“An organization of health care providers that agrees to be accountable for the quality, cost, and overall care of Medicare beneficiaries who are enrolled in the traditional fee-for-service program who are assigned to it.”

Medicare Shared Savings Program

For practical purposes, the Medicare Shared Savings Program (MSSP) can be considered a hybrid shared savings / pay for performance incentive model

Practical Definition

Medicare Shared Savings Program

Eligibility
Eligibility

Formation

ACOs can be formed by one or more of the following participants:

1. ACO professionals in group practice arrangements
2. Networks of individual practices of ACO professionals
3. Partnerships or joint venture arrangements between hospitals and ACO professionals
4. Hospitals employing ACO professionals
5. CAHs that bill under Method II
6. RHCs
7. FQHCs

Legal entity under State, Federal or Tribal law

May not participate in a duplicative shared savings program

Eligibility

Participation

Must include enough primary care professionals to cover at least 5,000 Medicare beneficiaries

ACO participants upon whom beneficiary assignment is determined must be exclusive to one ACO

Must provide list of TINs & NIPs

Must notify when adding or removing ACO providers or suppliers within 30 days

Must describe how shared savings will be distributed

Eligibility

Governance

75% ACO Participants

≥ 1 Medicare Beneficiary

Community Stakeholder (Optional)

Must maintain an identifiable governing body with the authority to execute the functions of the ACO

Has the following responsibilities:

- Provide oversight & direction
- Hold ACO management accountable and defines processes for evidence-based medicine, quality & cost reporting, and coordinating care.

Governing bodies governing process must be transparent

Must have a conflict of interests policy

Eligibility

Leadership

Leadership & management structure

- Organizational charts
- Committee lists with names of committee members
- Job descriptions

Documents effectuating formation

- Charters, by-laws
- Articles of incorporation
- Partnership, joint venture, management, or asset purchase agreements

Participants’ and ACO providers / suppliers’ rights and obligations

- Participation agreements
- Employment contracts
- Operating policies

Governing Body

Executive Lead

Compliance Officer

Medical Director

Quality Assurance & Improvement

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Eligibility

Promotion Of Evidence-Based Medicine

- Must describe how it will establish and maintain ongoing quality assurance & improvement efforts
- Must provide documentation describing its plans to:
  - Promote evidence-based medicine
  - Promote beneficiary engagement
  - Report on quality and costs and
  - Coordinate care
- Must document its plans to:
  - Ensure provider / supplier compliance
  - Remediate non-compliant parties
  - Assess and continuously improve cost & quality performance

Options

Start Dates

Three options for participation:

1. April 1, 2012
   - Term of Agreement is 3 years and 9 months
   - First period 21 months
2. July 1, 2012
   - Term of agreement is 3 years and 6 months
   - First period 18 months
3. January 1, 2013 and beyond
   - Term of agreement is 3 years
   - First period is 12 months

Tracks

Track 1
(One-Sided Model)

- Shared savings only (no risk)
- Maximum of 50% share or 10% of benchmark performance
- Minimum savings rate based on a sliding scale determined by the number of beneficiaries
- No shared losses
- First dollar savings if minimum thresholds are met

Track 2
(Two-Sided Model)

- Shared savings & losses (risk)
- Maximum of 60% share or 15% of benchmark performance
- Minimum savings rate set at a flat 2%
- Shared loss potential set at 1 minus the calculated shared savings rate
- Minimum loss rate set at a flat 2%
- Loss sharing limit increases over the 3 year term (5%, 7.5%, 10%)
- First dollar savings and losses if minimum thresholds are met
Beneficiary Assignment

- Beneficiaries enrolled under Medicare fee-for-service parts A & B
- Preliminary attribution
- Retrospective assignment
- Stepwise process
  1. Plurality of primary care services from ACO affiliated PCP
  2. Primary care services provided by other ACO affiliated professionals (specialists, NPs, Pas, etc.)
  3. Retrospective assignment
- Primary care services defined by
  - HCPCP codes
  - FQHC & RHC revenue center codes

Expense Benchmarks

- Based on Medicare Part A & B expenditures
- Calculation based on 3-month run-out of claims with a completion factor
- Benchmark years weights:
  - BY3: 60%
  - BY2: 30%
  - BY1: 10%
- Adjustments made for:
  - Newly assigned beneficiaries
  - Changes in health status (CMS-HCC risk score)

Quality & Reporting Standards

- 33 measures in four domains
  1. Patient / caregiver experience
  2. Care coordination / patient safety
  3. Preventative health
  4. At-risk population
- Pay-for-performance phased in over years 2 & 3
- Multiple reporting methodologies
- 5 step process to calculate score
  1. Determine points earned for each measure
  2. Sum the total points for all measures in each domain
  3. Divide the total points earned in each domain by the total available points in each domain
  4. Multiply each domain by the 25% weight
  5. Sum all weighted domain scores
Operations
Shared Savings Calculation

Estimated savings
\( \times \)
50% – 60% share
(max 10% - 15% forecast expenditures)
\( \times \)
Organizational quality score
= Annual shared savings distribution to ACO

Operations
Marketing & Notification

Marketing materials defined as materials, ‘used to educate, solicit, notify, or contact Medicare beneficiaries or providers and suppliers regarding the Shared Savings program
May use marketing materials 5 days after filing them with the CMS and certifying that they comply with all requirements
Must notify beneficiaries of participation at point-of-care
Must post signs at their facilities
Must make standardized written notices available

Coordination With Other Agencies

Federal Trade Commission & The US Department of Justice
- Guidance applies to all ACOs
- No mandatory anti-trust review
- Voluntary expedited review (90 days)
- CMS to share application & data
- Safe harbor for ACOs with less than 30% market share in their PSA or under the rural exception
- "Will vigilantly monitor complaints about ACO formation or conduct and take whatever enforcement action may be appropriate."

Internal Revenue Service (for comment)
- ACOs engaged exclusively in the MSSP would still qualify for tax exempt status under 501(3)(c)
- Participation in the MSSP through an ACO will further the charitable purposes of the tax exempt organization
- The tax exempt organization does not have to have control over the ACO
- In general, will not consider participation irremediable or impermissible private benefit

Office of the Inspector General (for comment)
- Do not want to unduly limit impede development of beneficial ACOs
- Applies to Physician Self-Referral Law, Federal Anti-Kickback Statute, and the Civil Monetary Penalties Law
- Five proposed waivers
  1. ACO Pre-Participation Waiver
  2. ACO Participation Waiver
  3. Shared Savings Distribution Waiver
  4. Compliance with Physician Self-Referral Law
  5. Patient Incentive Waiver

Center for Medicare & Medicaid Innovation
- Advanced Payment ACO Model
- Start up capital for physician-only ACOs and rural ACOs
- Up to 50 ACOs ($170 M in funding)
- Must indicate interest in CMS filing
- Recipients selected based on formula

Anticipated Impact
ACO’s Estimated Impact
Center for Medicare & Medicaid Services

Participants
- 50 to 270 ACOs

Federal Savings
- $470M

Bonus Payments
- $1.31B

Start Up Costs
- $29M to $157M

Operating Costs
- $63M to $342M

ACO Activity

Types Of ACOs

Governmental
- Pioneer ACOs
- Medicare Shared Savings Program

Commercial
- Provider Sponsored ACOs
- Payer Sponsored ACOs
- Provider-Payer Sponsored ACOs

ACO’s Estimated Impact
Congressional Budget Office

- Reviews the outcomes of 10 major demonstrations
- In nearly every care coordination program spending was either unchanged or increased
- For value-based payments only, bundled payments showed significant savings

Key Takeaways
1. The ACO model remains unproven
2. Physician & patients must be engaged in care management efforts
3. Incentive payment design matters

*Lessons Learned from Medicare’s Demonstration Projects on Disease Management, Care Coordination, and Value-Based Payment. January, 2012.
### Pioneer ACOs

**January 1, 2012**

- Allina Health
- Atrius Hospitals
- Banner Health Network
- Beacon, LLC
- Bellin Thedcare Healthcare Partners
- Beth Israel Deaconess Physician Organization
- Brown & Toland Physicians
- Dartmouth-Hitchcock ACO
- Fairview Health System
- Franciscan Alliance
- Genesys Alliance
- Healthcare Partners Medical Group
- Healthcare Partners of Nevada
- Heritage California ACO
- JSA Medical Group
- Michigan Pioneer ACO
- Monarch Healthcare
- Montefiore ACO
- Mount Auburn Cambridge Independent Practice Association
- OSF Healthcare System
- Park Nicollet Health Services
- Partners Healthcare
- Physician Health Partners
- Plus!
- Presbyterian Healthcare Services
- Primacare Medical Network
- Renaissance Health Network
- Seton Health Alliance
- Sharp Healthcare System
- Steward Healthcare System
- Trinity Pioneer ACO, LC
- University of Michigan

### Medicare Shared Savings Program ACOs

**July 1, 2012**

1. Arizona Health Advantage, Inc.
2. John C Lincoln Accountable Care Organization, LLC
3. Fort Smith Physicians Alliance ACO, LLC
4. ApolloMed Accountable Care Organization Inc.
5. Golden Life Healthcare LLC
6. John Muir Physicians Network
7. Meridian Holdings, Inc.
8. North Coast Medical ACO, Inc.
9. Torrance Memorial Integrated Physicians, LLC
10. MPS ACO Physicians, LLC
11. PhMed, LLC
12. Accountable Care Coalition of Northwest Florida, LLC
13. Accountable Care Partners, LLC
14. Allcare Options, LLC
15. Florida Medical Clinic ACO, LLC
16. FPO Healthcare, LLC
17. HealthNet, LLC
18. Integrated Care Alliance, LLC
19. Medical Practitioners for Affordable Care, LLC
20. Palm Beach Accountable Care Organization, LLC
21. Reliance Healthcare Management Solutions, LLC
22. Wellstar Health Network, LLC

### Medicare Shared Savings Program ACOs

**April 1, 2012**

1. Accountable Care Coalition of Caldwell County, LLC
2. Accountable Care Coalition of Coastal Georgia, LLC
3. Accountable Care Coalition of Eastern North Carolina, LLC
4. Accountable Care Coalition of Greater Athens Georgia, LLC
5. Accountable Care Coalition of Mount Kisco, LLC
6. Accountable Care Coalition of Southeast Wisconsin, LLC
7. Accountable Care Coalition of Texas, Inc.
8. Accountable Care Coalition of the Mississippi Gulf Coast, LLC
9. Accountable Care Coalition of the North Country, LLC
10. AHS ACO, LLC
11. AppleCare Medical ACO, LLC
12. Arizona Connected Care, LLC
13. Chinese Community Accountable Care Organization
14. Catholic Medical Partners
15. Costal Carolina Quality Care, Inc.
16. Crystal Run Healthcare ACO, LLC
17. Florida Physicians Trust, LLC
18. Hackensack Physician- Hospital Alliance ACO, LLC
19. Jackson Purchase Medical Associates, PSC
20. Jordan Community ACO
22. Optimus Healthcare Partners, LLC
23. Physicians of Cape Cod ACO, Inc.
24. Premier ACO Physician Network
25. Primary Partners, LLC
26. RVG ACO Health Providers, LLC
27. West Florida ACO, LLC

### Medicare Shared Savings Program ACOs

**July 1, 2012, Continued**

23. Advocate Health Partners
24. Chicago Health System ACO, LLC
25. Deaconess Care Integration, LLC
26. Franciscan AHN ACO, LLC
27. Indiana University Health ACO, Inc.
28. Genesis Accountable Care Organization, LLC
29. Iowa Health Accountable Care, LLC
30. OneCare LLC
31. University of Iowa Affiliated Health Providers, LC
32. Owingsboro ACO
33. Quality Independent Physicians
34. Southern Kentucky Health Care Alliance
35. TP-ACO LLC
36. Central Maine ACO
37. Maine Community Accountable Care Organization, LLC
38. MaineHealth Accountable Care Organization
39. Accountable Care Organization of Maryland, LLC
40. Greater Baltimore Health Alliance Physicians, LLC
41. Maryland Accountable Care Organization of Eastern Shore LLC
42. Maryland Accountable Care Organization of Western MD LLC
43. Circle health Alliance, LLC
44. Harbor Medical Associates, PC

45. Accountable Healthcare Alliance, PC
46. Oakland Accountable Care Organization, LLC
47. Southern Michigan Accountable Care, Inc.
48. Essential Health
49. Medical Mall Services of Mississippi
50. BHU Healthcare ACO, LLC
51. Heartland Regional Medical Center
52. Nevada Primary Care Network ACO, LLC
53. Concord Elite ACO LLC
54. Baraboo Health ACO-North, LLC
55. Accountable Care Coalition of Syracuse, LLC
56. Asian American Accountable Care Organization
57. Balance Accountable Care Network
58. Beacon Health Partners, LLP
59. Chattanooga Region Associated Medical Partners, LLC
60. Healthcare Provider ACO, Inc.
61. Health Sinai Care, LLC
62. PHP/HEALTH Accountable Care Medical Group, PLLC
63. WESTMED Medical Group, PC
64. Cornerstone Health Care, PA
65. Triad Healthcare Network, LLC
66. Mercy Health Select, LLC
67. ProMedica Physician Group, Inc.

68. Summa Accountable Care Organization
69. University Hospitals Coordinated Care
70. North Bend Medical Center, Inc.
71. Coastal Medical, Inc.
72. Accountable Care Coalition of The Tri-Counties, LLC
73. AmexCare LLC
74. Cumberland Center for Healthcare Innovation, LLC
75. MissionPoint Health Partners
76. St. Thomas Medical Group, PLLC
77. Summit Health Solutions
78. BHS Accountable Care, LLC
79. Memorial Hermann Accountable Care Organization
80. Methodist Patient Centered ACO
81. Essential Care Partners, LLC
82. Physicians ACO, LLC
83. Texoma ACO LLC
84. Central Utah Clinic, P.C.
85. Accountable Care Coalition of Green Mountains, LLC
86. Polyclinic Management Services Company
87. Aurora Accountable Care Organization, LLC
88. Dean Clinic and St. Mary’s Hospital Accountable Care Organization
89. ProHealth Solutions, LLC
ACO Development Trends

1. The number & types of ACOs are expanding
2. Growth is centered in larger population centers
3. Hospitals continue to be the largest backers of ACOs, but physician groups are playing an increasingly larger role
4. Non-Medicare ACOs are experimenting with more diverse models than Medicare backed-ACOs
5. The success of any particular ACO model is still undetermined

Likely Characteristics Of Successful ACOs

3 Most Essential Elements of a Successful ACO*
- A deep understanding & vigilant management of costs
- Sophisticated clinical analytics
- An elegant methodology for sharing savings

3 Other Essential Elements of a Successful ACO
- Robust care / disease management
- Practice-oriented operational redesign
- Culture of continuous learning

Likely ACO Evolution

Short-Term (1st Contractual Period)
- Waste Reduction & Inpatient Operational Excellence
  - Length of stay
  - Imaging
  - Pharmaceuticals
  - Readmissions
  - Supplies

Mid-Term (2nd Contractual Period)
- Appropriateness-Of-Care & Physician Practice Redesign
  - Avoidable admissions
  - Gaps-in-care
  - Referral patterns
  - Site-of-care
  - Transitions in care

Long-Term (≥ 3rd Contractual Period)
- Disease Management & Population Health
  - Disease avoidance
  - Disease progression
  - Disease specific PMPM costs
  - Patient engagement / compliance
  - Risk stratified outcomes


*David Muhlenstein et al., Growth and Dispersion of Accountable Care Organizations June 2012 Update, White Paper, (Leavitt Partners, June 2011).
The ACO Model
Viable For Some And Likely To Impact Many

- The CMS & HHS have made significant modifications to their proposed regulations to increase the value proposition of the MSSP to hospitals and health systems.
- Hospitals & health systems that dismissed the ACO model based on the proposed regulations would be wise to reconsider the opportunity provided by the program under the final regulations.
- Although the MSSP will not be universally attractive, it is likely to impact a number of local and regional healthcare markets.
- Hospital leaders should evaluate and begin planning for the potential impact of ACOs in their markets.
- Whether or not participation in the MSSP is right for your organization at this time, “business as usual” will not be a sustainable long-term strategy.