Accountable Care Organizations:

Payer and provider collaborations

Continuing Education: Nebraska

Today's discussion

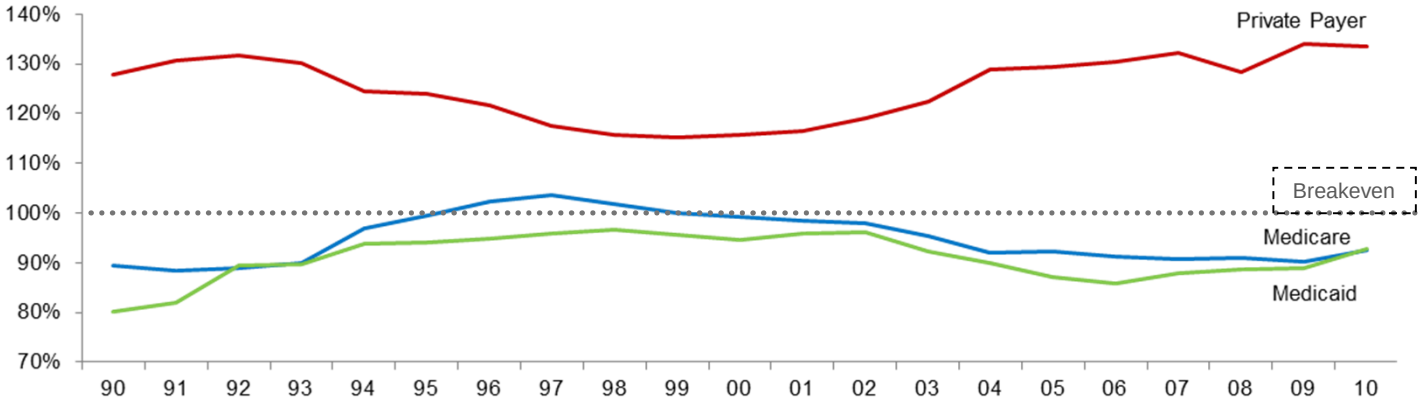
- Welcome and introductions
- Why Accountable Care?
- What Are Accountable Care Organizations?
- How do Accountable Care Organizations differ from Traditional Models?
- Success of Accountable Care

The Affordable Care Act did not solve the health costs crisis – ACOs can help

An Accountable Care Organization (ACO) is a provider-based organization willing to take responsibility for managing the health of a defined population

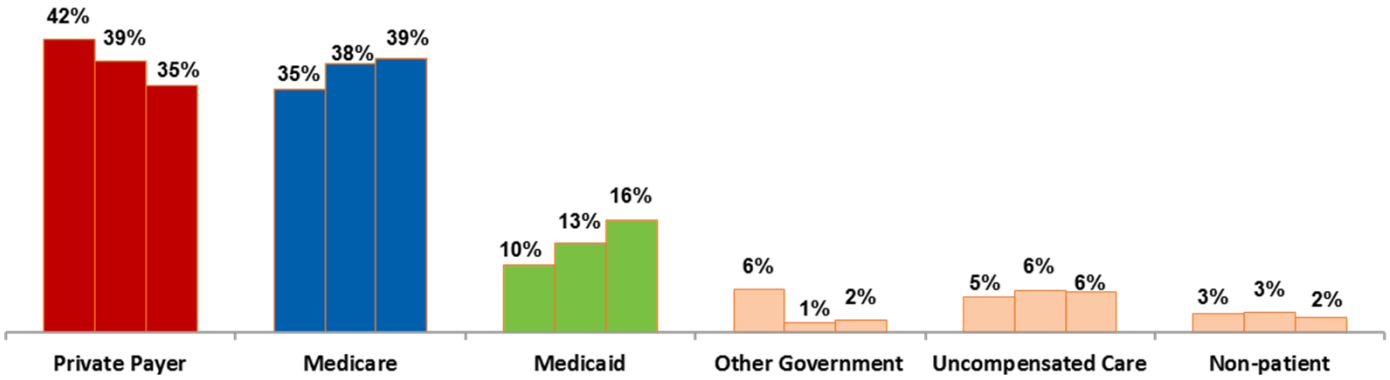
Why do providers want to change?

Aggregate Hospital Payment-to-Cost Ratios



Private payers are hospitals' most profitable business…

Distribution of Hospital Cost by Payer Type (% of Total Cost) - 1980 / 1990 / 2010

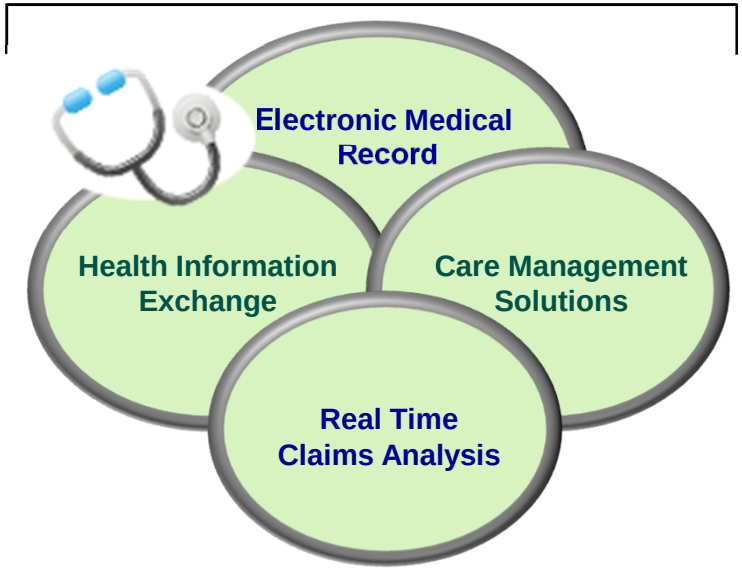


…And they are a shrinking part of hospital revenues

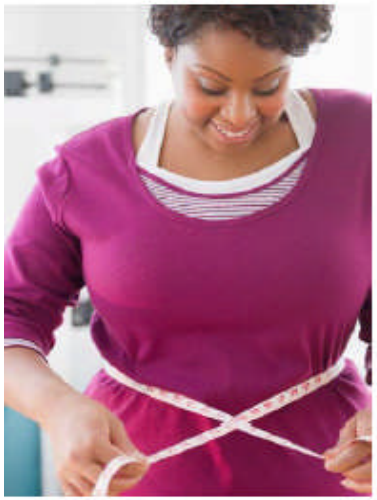
Source: American Hospital Association Chartbook, "Treads Affecting Hospital and Health Systems"- Chapter 4.5 "Distribution of Hospital Cost by Payer Type, 1980, 2000, and 2011" and Chapter 4.6 "Aggregate Hospital Payment-to-Cost Ratios for Private Payers, Medicare, and Medicaid, 1991 – 2011" AHA. 2012. http://www.aha.org/research/reports/tw/chartbook/ch4.shtml

What is an accountable care organization (ACO)?

Empowered doctors + Engaged patients = **Better health outcomes**



Technology Support

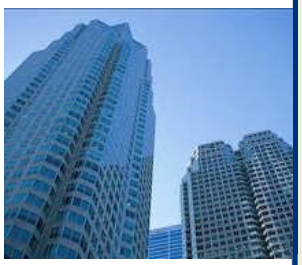


Care Management Support

Accountable care benefits all stakeholders

Employers

- **Cost savings**
- **Sustainable solution**
- **Improved quality**
- Enhanced **wellness** and care management
- Improved employee **productivity**



Brokers

- Innovative **client cost savings** solution
- Increased growth through **opportunity to differentiate**

Insurance Carrier and Healthcare Provider

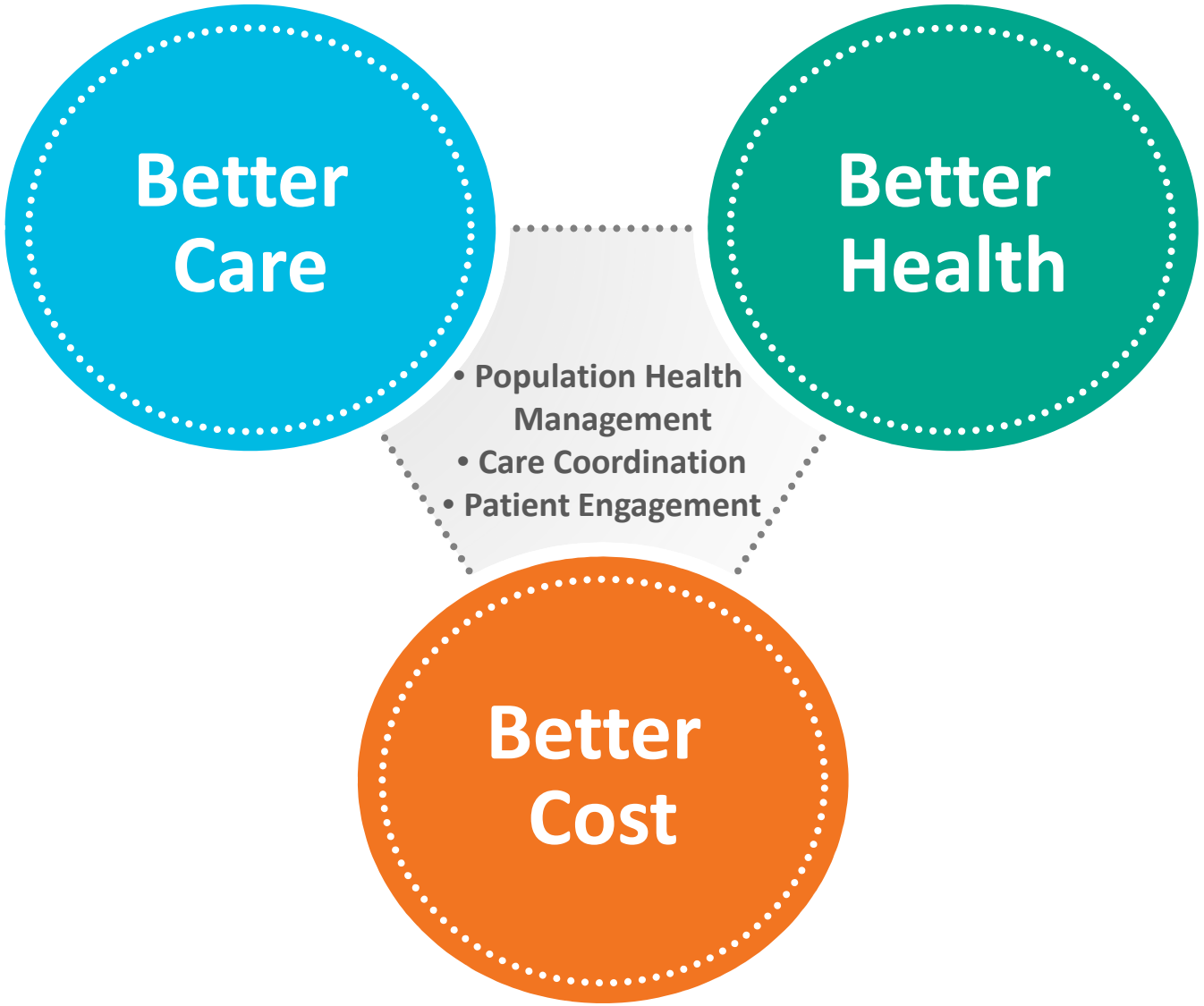
Members

- Enhanced **member experience**
- **Lower out-of-pocket costs**
- Quality-based, **coordinated care**
- **Tools to support** a healthy lifestyle

Care Providers

- Reimbursement **incentives aligned with efficient, quality care** based on measures and patient satisfaction
- **Technology enhancement** supporting care coordination

Goals of Accountable Care Organizations

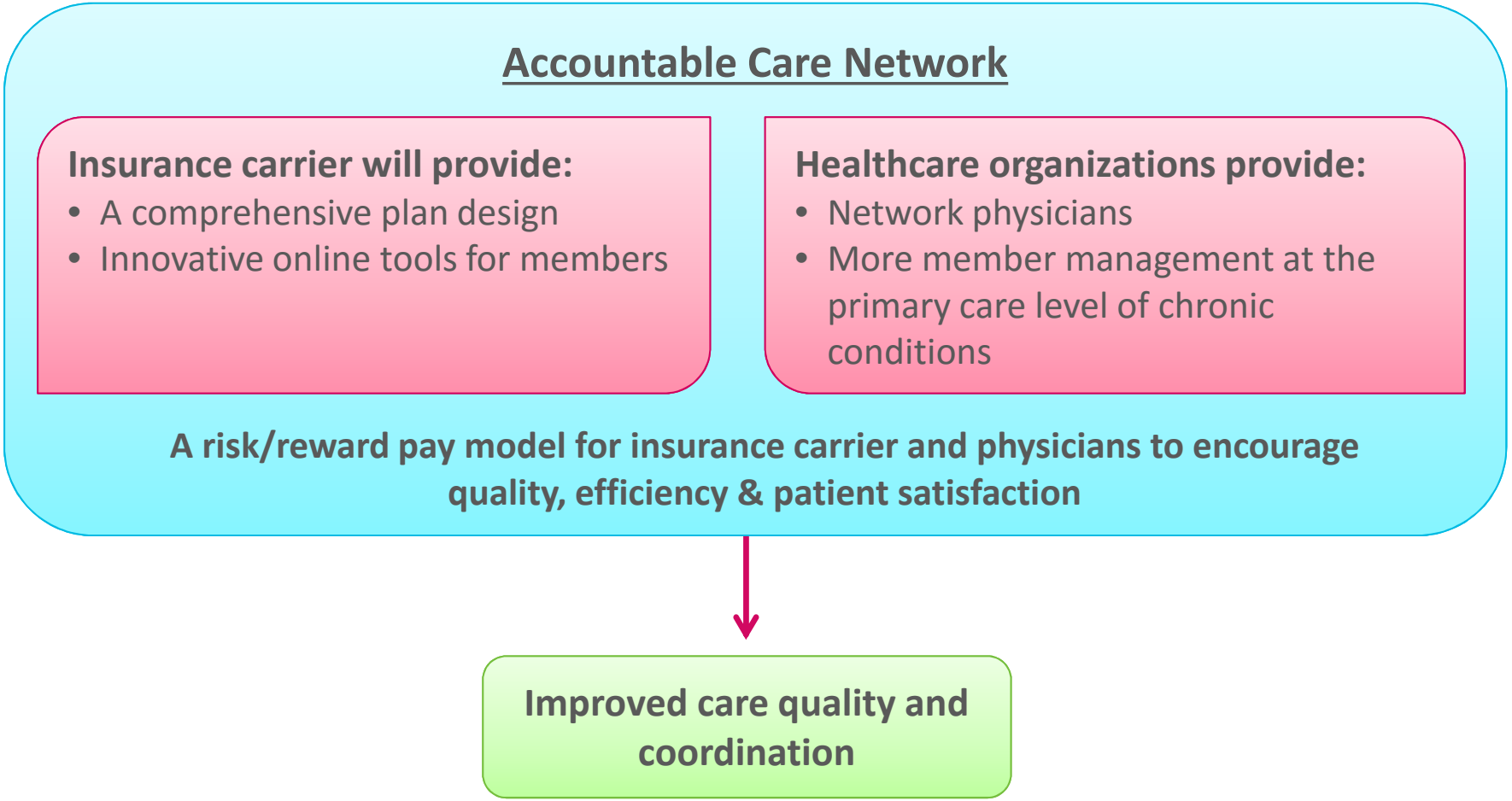


Moving from patient treatment to population health management

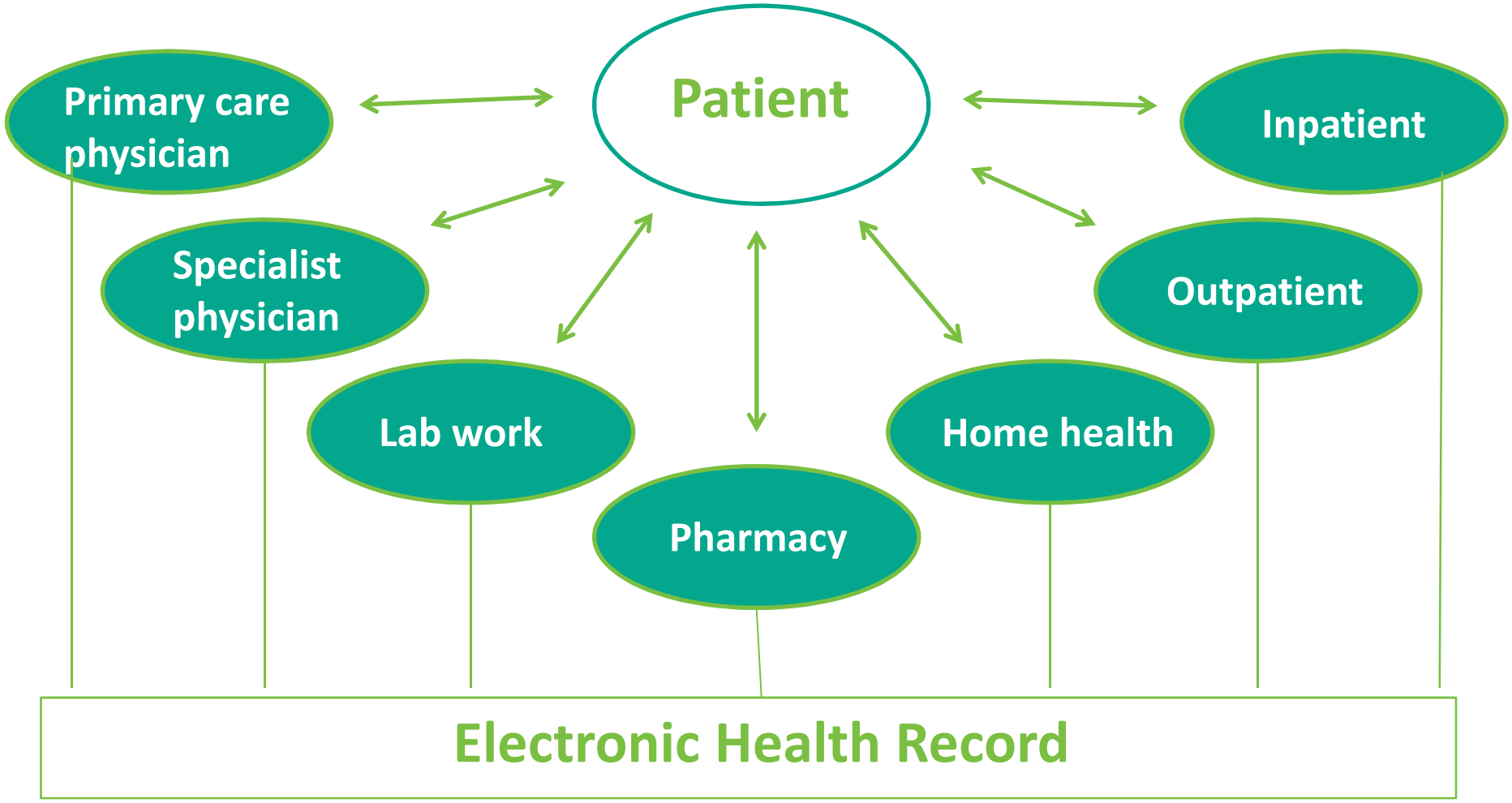
Three transformational goals make the difference:

1. **Improve patient health at a lower cost** – strategic financial incentives drive the insurance carrier and the provider system to work in collaboration to improve quality while controlling costs.
2. **Technology to help patients make informed health care decisions** – doctors use technology that provides the right information at the right time to make the best possible decisions.
3. **An exceptional member experience** – a coordinated and measured experience that improves health outcomes.

A unique collaboration between insurance carriers and healthcare providers Accountable Care Network

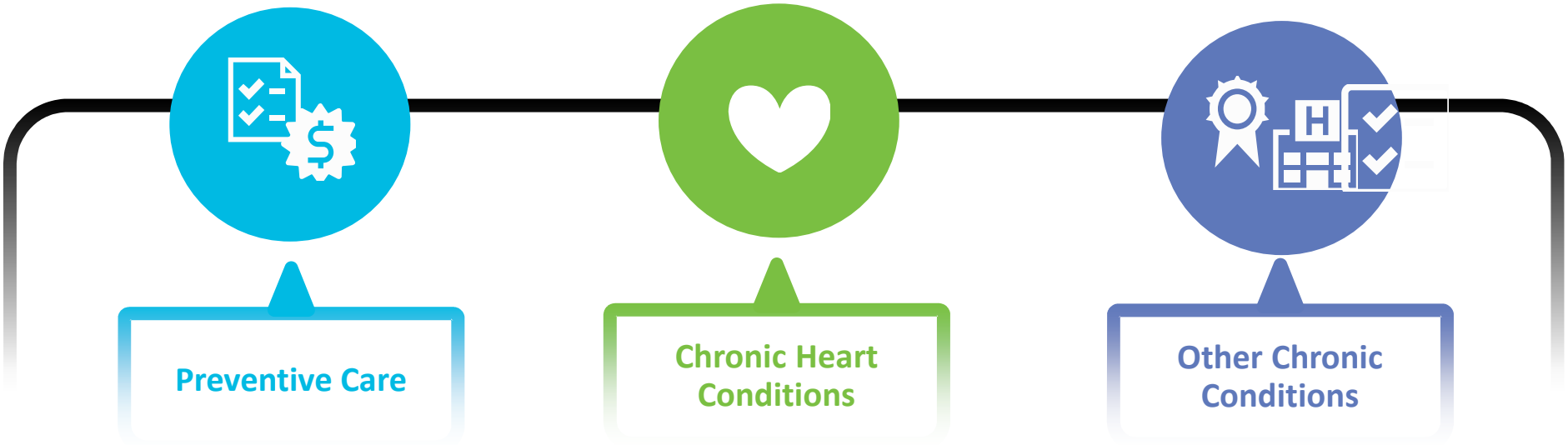


One patient. One record.
Integrated health care delivery system.



Lower cost, better experience and higher quality too

Example metrics to evaluate the ACO's ability to manage population health



Preventive Care

- Tobacco cessation
- Colorectal cancer screening
- High blood pressure screening
- Flu vaccine
- BMI screening and follow up
- Mammogram

Chronic Heart Conditions

- Hypertension: High blood pressure control
- Lipid profile, low density lipoprotein control, Aspirin or other antithrombotic treatment
- Heart Failure monitor

Other Chronic Conditions

- Diabetes – LDL, blood pressure management, HA1c, tobacco non-use, Aspirin treatment for IVD patients
- ACO CARE: Screening for future fall risk

Changing how health care is delivered.

And already seeing great results.

28% – 64%
More patients reaching blood pressure and cholesterol level goals[1] (NovaHealth)

50%
Fewer hospital bed days[3] (Carilion)

10%
Fewer high-tech imaging scans[2] (Carilion)

11%
More generic drug prescribing[3] (Carilion)

12%
Better per member per month (PMPM) payments[3] (Banner)

7%
Better use of medical services[3] (Banner)

32%
Fewer hospital readmissions[3] (Banner)

9%
Less radiology use from 2012 to 2013[3] (Banner)

5%
Lower medical trend[3] (Banner)

19%
Fewer avoidable emergency room visits[3] (Carilion)

Actual results may vary.

Sources: [1]"Payer-Provider Collaboration in Accountable Care Reduced Use and Improved Quality in Maine Medicare Advantage Plan," Aetna and NovaHealth, Health Affairs, Volume 31, Number 9 , September 2012. [2] Aetna-Carilion accountable care network, Modern Health Care, December 17, 2013. [3] Aetna ACS Analytics, for the year 2013.

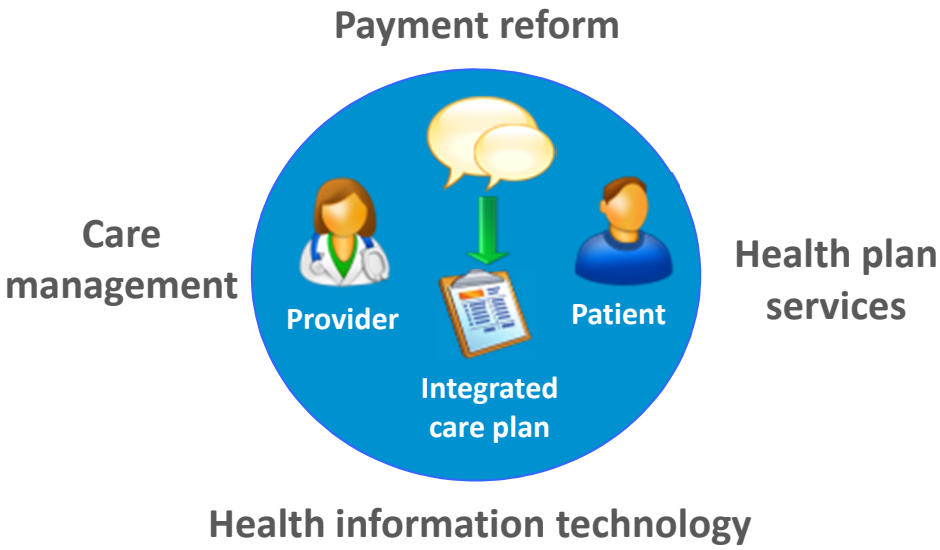
Accountable care improves upon the traditional health system

Traditional Health Care	Accountable Care
Patient fills out multiple paper forms with the **same information**	**Information is all in one record;** no need to fill out multiple forms
Incomplete or lost information leads to duplicate tests	**Entire care team has access** to **the same information**
As data are limited, **doctor can't compare clinical information**	**Patient data are analyzed and presented with treatments based on best practices**
Patients seek care only when they **are already sick**	**At-risk patients are identified early** and treated before crises occur
Limited ability to improve quality	**Better care management** decisions
Provider payments contingent on **service volume**	Provider payments are aligned to focus on **improvement of quality, clinical efficiencies and total cost of care**

Accountable care changes the provider focus from volume to value to drive sustainability

Today's business model

Tomorrow's business model



Focus on volume

- Impersonal care
- Onus on member to share health information
- Lots of duplicative tests
- Treating symptoms

Focus on value

- Personalized care plans for chronic, at risk and healthy patients
- Efficient use of member's time through information sharing
- Improving health outcomes

Questions?