

ACO Collaboratives – Frequently Asked Questions



What is an ACO?

Accountable Care Organizations (ACOs) bring doctors, nurses, hospitals and other care providers together to share responsibility for keeping patients healthy. The goal of ACOs is to work to measurably improve the total cost, quality and satisfaction of a defined population's care. Critical components of the Premier performance improvement alliance ACO model include:

1. **People-centered foundation:** Our ACO model envisions designing all components from a people-centric perspective. We will create specific operating activities that will ensure better engagement, activation, satisfaction and increased self-accountability for health.
2. **Health home:** Our ACO model is based on a Primary Care Practice (PCP) approach that offers 24/7, 360-degree care management in order to improve outcomes.
3. **High value network:** Our ACO model operates a network of non-PCP providers and has built integration and care coordination functions to optimize the experience as they move across the continuum of care. It is intended to be a continuous learning system that constantly improves outcomes.
4. **Population health data management:** Our ACO model will be wired to enhance the clinical and administrative aspects of care. It will have the ability to use information from many sources to optimize outcomes and achieve business success.
5. **ACO leadership:** Our ACO model has a sophisticated general management function that overcomes fragmentation in healthcare, including reimbursement arrangements that reward providers for achieving positive outcomes. The model includes joint physician/hospital planning and communications, as well as legal, finance and medical management.
6. **Payer partnership:** Our ACO model anticipates payer partnerships based on deep operational interactions across a wide spectrum of services, including predictive modeling, case management, network and medical management and financial reporting. This is a deeper and broader relationship than traditional arrangements.

Why create an ACO?

Today, our healthcare system focuses on caring for the sick and rewards healthcare providers within their silos of care, i.e, physician offices, hospitals, nursing homes, etc. This reality contributes to inefficiency, waste, poor care coordination. ACOs are widely viewed as a way to transform healthcare to address these concerns simultaneously. In an ACO, providers will no longer be rewarded for the volume of care provided - they will instead be paid based on their ability to provide preventive care and keep people healthy.

How are ACOs paid?

When doctors, hospitals, nurses and other care providers efficiently deliver the right care, in the right setting at the right time, people benefit and overall costs are reduced. For example, if the ACO works proactively with someone with heart failure to manage medications and recommends lifestyle changes that improve their condition, they can prevent serious complications that require expensive surgeries and long hospital stays. The savings generated from these improvements can then be shared by the ACO and the payer. The incentives are shifted to promote the value rather than volume.

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What are Premier's collaborative offerings around ACOs?

To assist hospitals in developing accountable care capabilities, Premier has created two collaboratives: The ACO Implementation Collaborative and the ACO Readiness Collaborative. The ACO Implementation Collaborative consists of members who can pursue accountability for a portion of their population today, evolving from fee for service to value-driven business models via existing payer partnerships. The ACO Readiness Collaborative will develop the organization, skills, team, operational capability and tools necessary to become an ACO and ultimately join the Implementation Collaborative.

What is the value of Premier's ACO Collaborative?

An effective ACO requires a very different set of operating activities than those of a typical hospital system. Success will depend on the ACO's ability to improve care across all sites of care in a community. These new activities will be broader in scope, addressing all inpatient and outpatient care, and applicable for a much larger population than hospitals have faced in the past.

Addressing this larger scope of activity will be difficult even for the most advanced systems. To assist members in developing these capabilities, Premier's ACO Collaboratives will:

- Speed implementation and lower the risk of developing market leading ACOs, providing input needed to build health homes, bundled payment models, population data management and IT.
- Prepare health systems to accept ACO contracts with payers.
- Create shared tool kits, best practices and contracting models to facilitate the goals of accountable care (i.e., lower costs, improved quality and increased satisfaction).
- Develop standard performance metrics to manage population health, identify improvement opportunities and enhance market position with payers, employers and others.
- Collect and standardize data to facilitate meaningful comparisons among participants.
- Transparently communicate progress, result and best practices.

What are the requirements for ACOs under healthcare reform and how do they link to the Premier collaboratives?

Health reform requires HHS to establish a shared savings program that promotes accountability for a patient population, coordinates services and encourages redesigned care processes for high quality and efficient service delivery. Specifically, the requirements are to:

- Accept accountability for the total cost, quality and care for the population;
- Have a sufficient number of primary care physicians that can care for a minimum of 5,000 Medicare beneficiaries assigned to the ACO;
- Have a formal legal structure that would allow the organization to receive and distribute payments for shared savings to participating providers of services and suppliers;
- Create processes to promote evidence-based medicine and health engagement, report on quality and cost measures and coordinate care using telehealth, remote patient monitoring, etc.; and
- Meet people-centeredness criteria such as the use of patient and caregiver assessments or individualized care plans.

The ACO Collaborative participation requirements are based on these criteria, and our goal is to begin testing models based on these broad principles with private payers. In moving forward in this way, we believe we will be able to share learnings and results with the government so that public ACO models

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benefit from this expanded knowledge in design and implementation. Ultimately, members of this collaborative may also seek contracts with CMS no later than 2012, the date the program is to be created under law.

When will the member ACOs be operational?

All members of the ACO Implementation Collaborative are ready to begin work now. They all have payers that are willing to change the reimbursement model and at least 5,000 beneficiaries that will be covered in this new way. Models will be modified over time, based on best practices shared in the collaborative and identified opportunities for improvement.

What can people expect from ACOs?

ACOs put the people at the center of care. In these models, people are partners working with a designated care team to manage and improve their health.

- People are assisted in navigating the healthcare system so they get the right care, from the right provider at the right time.
- They receive information about their conditions and instructions on how to stay well.
- They are checked on to ensure all questions are answered.
- They have a central care team that can identify problems and intervene early, before problems arise and hospital care becomes necessary.
- Care becomes more convenient, allowing people to talk on the phone or email their care team rather than having to make an office appointment.

How can you expect to build accountability in the population?

Building accountability is key to the ACO model, and is intended to enhance engagement in care and overall health. We are measuring the success of these efforts in the context of improving the care experience, so approaches will be customized to ensure they are complete and satisfying to people. ACOs are focused on providing people the appropriate health information they need and a convenient way to access care so that they are motivated to take their own actions to ensure wellness.

How will ACOs reduce spending?

Studies have shown that up to 30 percent of the total funds spent on healthcare are wasted dollars – spent on unnecessary and duplicative tests, treating complications that could have been avoided and treating patients in expensive settings such as the hospital. ACOs are expected to eliminate the waste and unnecessary spending and increase the preventive and other care that will keep people well.

What's different about Premier's ACO collaborative versus offerings from other organizations?

As with all of Premier's healthcare transformation projects, the ACO Collaboratives are designed to deliver *executable solutions*, not just theory or education. Together with the participating health systems, we will produce complete and replicable solutions for building a functional and successful Accountable Care Organizations. Deliverables will include such things as step-by-step manuals, toolkits, contracts and reports (i.e., medical cost model). All deliverables will be based on the real-world best practices, and will first be "pressure-tested" by participants.

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Equally important is our ability to set common metrics for success, collect health system performance data, identify opportunities for improvement and track results over time to prove the value of the ACO model.

What hospitals are participating in the collaborative?

Participants in this collaborative are among the nation's leading healthcare providers and deserve great credit for stepping out to innovate and explore new models of care. Members include:

- Aria Health; Philadelphia, Pennsylvania
- AtlantiCare; Egg Harbor Township, New Jersey
- Baystate Health; Springfield, Massachusetts
- Billings Clinic; Billings, Montana
- CaroMont Health; Gastonia, North Carolina
- Fairview Health Services; Minneapolis, Minnesota
- Geisinger Health System; Danville, Pennsylvania
- Heartland Health; St. Joseph, Missouri
- Hoag Hospital / Greater Newport Physicians – Newport Beach, California
- Methodist Medical Center of Illinois; Peoria, Illinois
- North Shore-LIJ Health System; Long Island, NY
- Presbyterian Healthcare Services; Albuquerque, New Mexico
- Saint Francis Health System; Tulsa, Oklahoma
- Southcoast Hospitals Group; Fall River, Massachusetts
- SSM Health Care; St. Louis, Missouri
- Summa Health System, Akron, Ohio
- Texas Health Resources; Arlington, Texas
- University Hospitals; Cleveland, Ohio