

Premier accountable care collaboratives – Driving to a people-centered health system

As a nation we all must work to rein in spiraling U.S. healthcare costs, expand access, promote wellness and improve the consistency of quality outcomes. We know we need to move from a disjointed, siloed “system” of delivery to one that is better coordinated and aligned to provide real *value* to patients, providers and payors alike.

Statistics show healthcare costs have been growing at an unsustainable rate, reaching an estimated 17.3 percent of the gross domestic product in 2009, according to the Centers for Medicare & Medicaid Services (CMS). This represents the largest one-year increase in history. CMS predicts that, left unchecked, costs will rise to 19.3 percent by 2019 — comprising almost one-fifth of the nation’s GDP and nearly four times the 5.1 percent of GDP that healthcare consumed in 1960.

At the same time, research and anecdotal reports continue to identify gaps and inequities in the quality of healthcare delivered in the United States.

These trends — coupled with the millions of Americans still uninsured or under-insured — led to health reform, the most major change to U.S. health policy since the passage of Medicare and Medicaid in the mid-1960s. Now the challenge is to transform the national infrastructure from a volume-based to a value-based model that better aligns the incentives and needs of all stakeholders. The goal is to provide more coordinated, higher quality healthcare more cost-effectively, while expanding access to services to an estimated 32 million Americans.

A way to meet the challenge: ACOs

While still evolving, the concept of accountable care organizations (ACOs) is gaining ground. ACOs are designed to closely connect groups of providers who are willing and able to take responsibility for improving the overall health status, care efficiency and experience for a defined population of patients.

Critical components of the ACO model include:

- **People-centered health homes** that deliver primary care and coordinate with other providers as patients move across the delivery system.
- **New approaches to primary, specialty and hospital care** to reward care coordination, efficiency and productivity.
- **Tightly integrated relationships with specialists, ancillary providers and hospitals** so they are similarly focused and aligned on achieving high-value outcomes.
- **Provider/payor partnerships and reimbursement models** that reward improved outcomes, rewarding *value* over *volume*.
- **Population health information infrastructure**, including health information exchanges, to enable care coordination across a designated population.

ACOs are widely viewed as a way to overcome the fragmentation and volume orientation of our existing fee-for-service system so that we more appropriately incent health and wellness, rather than payment for treating illnesses. They also can incent greater provider integration as care givers will be encouraged to work cooperatively across the care continuum to help patients reach wellness goals and achieve common measures of success.

ACO history

In April 2005 CMS initiated the Physician Group Practice demonstration. Under the PGP demonstration, physician groups earn incentive payments based on the quality of care they provide and the estimated savings they generate in Medicare expenditures for the patient population they serve. The success of this demo led the Medicare Payment Advisory Commission (MedPAC) to begin examining ways to truly eliminate costs from the system, while simultaneously improving quality and satisfaction for patients. Although not a wholly new concept, ACOs are unique because they create incentives that put providers at the center of care decisions that lead to wellness and, therefore, reduced costs for payors.

As health reform discussions began in late 2008, a number of lawmakers referred back to the MedPAC discussions and noted that ACOs should be explored as a strategy to achieve the quality, satisfaction and cost-containment goals of the legislation. ACOs ultimately were included as part of the Senate's health reform legislation and were enacted into law on March 30, 2010.

Why create an ACO?

Today, doctors and hospitals are paid for every service they provide. The more they do, the more they are paid, regardless of the outcomes that patients experience. In addition, care is fragmented and providers don't always "talk" to one another, leading to unnecessary repetitions of recent procedures because data is stored with another physician or hospital at the time it's needed to support decision-making. Moreover, many Americans believe that more care is better care, though the evidence often demonstrates otherwise.

This disconnected healthcare "production" model creates perverse incentives that directly lead to serious problems, i.e., unsustainable spending, inefficiency, waste, poor care coordination and, sometimes, sub-optimal outcomes. 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 to those who are sick. They will instead be paid based on their ability to keep people healthy.

Leading the charge to sustainable ACOs

Premier and its member hospitals are at the vanguard of developing, measuring and delivering effective, efficient healthcare. Based on years of experience with successful collaboratives, the Premier healthcare alliance has developed a proven model for the collaborative execution of common goals based on some key elements:

- **Establish goals and mission:** Create a definition of areas to be addressed and what the collaborative will do to fulfill its mission.
- **Define consistent measures of success:** Collaborative members and Premier together commit to common measures that will be used to improve defined outcomes.
- **Data collection and normalization:** The collaborative uses standardized data sets to meaningfully compare results across participants.
- **Transparency:** Participants commit to the open sharing of performance data across the collaborative. In doing so, participants can easily identify top performers and learn from them to create similar quality gains in their own organization.

- **Driver analysis and collaborative execution:** With transparent data, collaborative participants have the information to determine what factors can drive inconsistencies or sub-optimal outcomes. Using that analysis, the collaborative can set performance targets, identify opportunities for improvement and establish areas of focus.
- **Share best practices:** Participants share lessons and best practices across the collaborative to ensure that all members can learn from one another to realize improvement gains. Best practice sharing can occur in a number of different ways, including via educational meetings; resources and materials; and knowledge transfer tools to facilitate communications and distribution of materials across participants.
- **Performance improvement analysis:** Premier continually analyzes performance data of the collaborative participants as a cohort and individually to pinpoint trends and opportunities that will drive performance and achieve the goals.

Premier has leveraged this model to achieve transformative results in quality, cost and operating metrics. The Hospital Quality Incentive Demonstration™ (HQID) project, a six-year joint project with CMS and 250 Premier alliance members, achieved dramatic and sustained quality improvement and set the foundation for enhancing the science, art and methodology of process improvement in healthcare.

Building upon the success of HQID, the alliance is now in the second year of its QUEST®: High-Performing Hospitals collaborative. QUEST is a broad-based, innovative effort of nearly 200 not-for-profit hospital members across 31 states. The program is enabling participants to learn from top performers and develop and implement systemic improvements across their organizations to rapidly raise the bar in quality, efficiency and safety in the complex task of caring for patients.

QUEST is designed to springboard hospitals to new levels of performance and inform public policies with meaningful solutions, supported by real results. To accomplish this, QUEST benchmarked participating facilities using data from Premier's clinical database to determine the "baseline" level of performance in cost, mortality and evidence-based care delivery. Hospitals were then challenged to overcome the main factors that lead to deaths, errors and excessive costs, and measure themselves against one another to achieve top performance based on the following goals:

- **Save lives:** Eliminate avoidable hospital mortalities;
- **Safely reduce the cost of care:** Reduce the costs for each patient's hospitalization; and
- **Deliver the most reliable and effective care:** Ensure that patients receive every recommended evidence-based care measure.

Since setting these three-year goals at the baseline, QUEST hospitals have saved an estimated 22,164 lives and reduced healthcare spending by \$2.13 billion. If all hospitals in the country had been able to achieve similar results, estimates project an additional 64,000 lives and \$23 billion could have been saved.

Premier's Accountable Care Collaboratives are the natural next step in the effort to accelerate the development of innovative models for delivering care. The intent is to use QUEST as the foundation for success, and extend the methods for improvement across the continuum of care. The collaboratives' goals are to:

- Reduce costs for the defined population;
- Improve quality using existing measures such as
 - QUEST top performance thresholds,
 - Ambulatory measures,

- Healthcare Effectiveness Data and Information Set measures used by more than 90 percent of America's health plans to measure performance, and
- Population based measures such as reduced ED visits, admission rates, readmission rates and mortality rates;
- Improve access to care and provide earlier interventions through aligned payment incentives and new ambulatory care measures (these measures will be established by the collaborative); and
- Improve the care experience.

Defining value and creating a new production system

Now Premier and its members are collaborating to build upon the successes of HQID and QUEST in a new initiative to address the industry's next big challenge — how to create a new U.S. healthcare delivery system through sustainable accountable care organizations that align incentives and transform focus from volumes to value.

A blueprint for building key components of accountability



For an ACO to accept accountability to improve overall outcomes and efficiencies, it must:

- Build people-centric systems of care;
- Improve quality and cost for delivery-system components;
- Coordinate care across participating providers;
- Use IT, data and reimbursement to optimize results;
- Build payor partnerships and accept accountability for total cost of care;
- Assess and manage population health risk; and
- Be reimbursed based on savings and quality — that is, *value*.

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Agreeing on the definition of “value” is a critical first step. The Premier ACO initiative is basing the definition of value on a simultaneous focus on optimizing these three areas:

1. **Population health status** — Bottom line, the outcomes of care. This could be as broad as the mortality rate of a defined population, or as narrow as the percentage of diabetics whose blood sugars are well-controlled.
2. **The care experience** — Satisfaction with the care experience, how engaged the person became in his or her care and how active the person has become in working toward optimal health outcomes.
3. **Total cost of care** — The efficiency of the care system in delivering the outcomes of 1 and 2 above. Typically this is measured as a total per member per month cost of care.

New accountable care collaboratives: Building a blueprint for change

To construct an effective ACO model that can be replicated across many hospitals, health systems and physician practices, two new Premier collaboratives were launched in 2010 — the **Accountable Care Implementation Collaborative** and the **Accountable Care Readiness Collaborative**.

The collaboratives are intended to help develop all of the key capabilities needed to operate an effective ACO. Premier members will be able to build their own ACO based directly on the model, or use portions of it to

enhance the plan they've developed based on their unique approaches and priorities.

Premier's collaborative nature, coupled with the advanced standards, processes, data-gathering and reporting tools Premier has developed, enhances the sharing of best practices. This sharing also occurs by using an agreed-upon framework and consistent, common measures of success. This approach delivers to members a more timely view of trends, and it helps them pinpoint opportunities for continued improvement.

Key system components of Premier's ACO model are shown in the sidebar graphic's concentric circles. Note that these do not replace all of the usual operating functions of the existing healthcare system, such as those required to manage day-to-day physician practices and hospitals. But the operating and business models of these entities are expected to evolve in response to the new ACO environment over time. Core ACO components 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 patient 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 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 patients' experiences 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 management:** 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. **Payor partnership:** Our ACO model anticipates payor 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.

Premier recognizes that managing the large scope of an ACO will be difficult even for the most advanced healthcare systems. The Premier Accountable Care Collaboratives will:

- Speed the development and implementation of market-leading ACOs and lower the risk, providing expert input needed to build key ACO operating activities such as health homes, bundled payment models and more;
- Evaluate population health information infrastructure and tools, including EHRs and health information exchanges that enable community-wide care coordination;
- Facilitate early ACO contracts with CMS and other payors;
- Create shared toolkits, best practices and contracting models to facilitate the goals of accountable care;
- Develop standard performance metrics to manage population health and identify improvement opportunities; and
- Create a gap analysis and a road map to help health systems currently not ready to launch an ACO effectively transition to the necessary business model when they're prepared to do so.

To move quickly on this ambitious project, the Accountable Care Collaboratives are separated into two groups. The Accountable Care Implementation Collaborative is for hospitals that can currently pursue accountability for a portion of their population, evolving rapidly from fee-for-service to value-driven business models via existing payor partnerships and a tightly aligned, engaged physician network. The Accountable Care Readiness Collaborative is designed for hospitals interested in forming an ACO, but less prepared to do so. This group will work to develop the organization, skills, team, operational capabilities and tools necessary to become an ACO and ultimately join the Implementation Collaborative.

The collaboratives have a highly focused structure designed for rapidly solving problems through knowledge-sharing and data transparency. Work groups are tightly aligned with the six key components previously described. The groups are composed of member representatives, Premier employees and external experts to help speed alignment, acceptance and adoption.

Delivering the building blocks to ensure success

As with all of Premier's healthcare transformation projects, the Accountable Care Collaboratives are designed to deliver *executable solutions*, not theory.

Each of the collaborative work groups has a specific charter and set of deliverables. Together, the materials they produce will be a complete and replicable solution for building a functional and successful ACO. Deliverables will include such things as software products (such as predictive modeling), step-by-step manuals, toolkits, contracts and reports.

All deliverables will be based on the real-world best practices of participating Premier members, and will first be "pressure tested" by these industry leaders. ACO deliverables will be designed to be "bitten off" in components that each organization can effectively manage, building upon advancements over time.

As with other large-scale Premier initiatives, the healthcare alliance will bring together a broad range of stakeholders to guide the design and direction of the ACO project. This includes an external advisory panel composed of national thought leaders from patient advocacy groups, providers, payors, government and academia. Again, this recognizes that alignment across healthcare is essential to achieving and sustaining any significant change in the way care is delivered and paid for in the U.S.

Transforming the next quarter century of healthcare

Accountable care organizations present an exciting and fundamental shift in healthcare financing and delivery — a change that will touch virtually everyone providing, receiving or funding care. ACO initiatives such as that of the Premier healthcare alliance have great potential to improve the quality and satisfaction of care that patients receive while reducing its cost.

The Premier Accountable Care Collaboratives are designed to bring together all the elements needed for providers to be the highest-performing healthcare systems. The carefully considered, tested and validated tools and processes delivered will enable providers that adopt the methods and tools to proactively test, learn and scale this new approach to healthcare delivery.

For more information

For more information on the Accountable Care Collaboratives, please visit www.premierinc.com/aco.

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