The Pathway to Accountable Care
In Health Care Reform

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Overview

• Accountable Care and “Bending the Curve” of Cost Growth and Quality Improvement

• ACO Implementation: Current Status and Issues

• Alignment: ACOs and Other Health Care Reforms

• Next Steps for Accountable Care Implementation: It’s Not Just About ACOs
Deficit Consequences of Health Care Reform Legislation

Source: Goldman Sachs based on CBO estimates.
Note: Figures exclude the effect of education provisions in the Reconciliation Act of 2010 (Public Law 111-152).

Source: Congressional Budget Office Presentation to the Institute of Medicine, May 26, 2010
Deficit Outlook

• Large and Long Term
  – $1.4+ trillion each year 2009-11 (8% GDP), over $5T over 5 years
  – Substantial long-term deficits: Over $1T and rising 2020 (5% GDP and growing – at least 2% higher than “sustainable”)
  – Freezing or reducing all non-defense discretionary spending ($1.4T 2011) doesn’t help much
  – Many states face difficult shortfall projections due to Medicaid

• ACA Steps: Tighter Price Controls, Subsidy Limits After 2018
  – Permanent reduction in Medicare payment updates (-1.1%)
  – Independent Payment A Medicare spending growth of GDP+1% in 2018, plus slower growth in per-capita insurance subsidies
  – Much of subsidy growth limited to CPI after 2018

• Focus of Future Health Care Reform on Cost Reduction
Deficit Reduction Proposals

- President’s Bipartisan Fiscal Commission (Fall 2010)
  - Stronger IPAB
  - More pressure on FFS/MA payments, rationalize traditional Medicare benefits
- Ryan/House Republican Plan
  - Repeal all ACA coverage provisions and IPAB
  - Redirect all other Medicare payment reductions (including MB reductions) to “strengthening Medicare”: fix physician payment/SGR and apply rest to deficit reduction
  - “Premium support” (subsidies increasing with CPI) in Medicare and Medicaid block grants increasing with CPI, to slow spending growth further
- President’s Framework
  - IPAB reduces spending growth to CPI+0.5% per capita
  - “Value-based” benefit design
- Back to the Future: Tighter Medicare/ Medicaid Price Regulation
  - Main health care savings in BBA 1997 and ACA 2010
  - Achieves short-term Federal savings without reducing benefits
  - Not a strategy to improve value
- Alternative: Payment Reform and Coverage Reform… Focusing on Accountable Care
Bending the Curve

Full-text available at: http://www.brookings.edu/health

Full-text version includes:

• Additional context
• Specific recommendations
• Breakdown of legislative vs. regulatory actions
Achieving Real Health Care Reform

- Expanding insurance coverage and squeezing prices won’t do it

- Support what we want: Better quality, lower costs
- Requires alignment on accountability for better quality, lower costs – system wide

- Four key elements
  - Measurement and Evidence
  - Payment
  - Insurance Choice
  - Benefits
Reform Payments Based on Value: Shared Savings and Accountable Care

- Measurement of Quality and Cost Provides Foundation for Payments Based on Value: Accountable Care
- “Shared Savings”
- Examples of Accountable Care
  - Medicare Physician Group Practice Demonstration
  - Medicare Regional Demonstrations: Sustaining Health Insurance Exchanges
    - Community Care of North Carolina
    - Indiana Regional Health Insurance Exchange
  - Brookings-Dartmouth Accountable Care Organization (ACO) pilots
  - Premier ACO Network
  - Private Health Insurer ACOs
  - Upcoming Medicare and Medicaid ACOs
“Shared Savings” Payment Reform Pilots being Implemented Across the Country
Next Step Toward Medicare ACOs: Medicare Shared Savings Proposed Rule

• Qualification requirements
• Shared savings benchmarks
• Performance measurement
• Other issues
• Lots more Information
  – CMS summary: cms.gov/sharedsavingsprogram
  – Commonwealth Fund summary: commonwealthfund.org/Content/Publications/Other/2011/Proposed-Rules-for-ACOs.aspx
  – Brookings-Dartmouth ACO Learning Network: acolearningnetwork.org
1. ACO Qualification Requirements

- Sufficient quality improvement/clinical integration program (evidenced-based guidelines, patient-centeredness, quality assurance and support, etc.) with special emphasis on complex and vulnerable patients
- How savings will be shared among participating providers
- Leadership and management structure (clinical and administrative systems), including full-time board-certified physician as medical director and governing body with ACO provider and consumer representation
- Beneficiary education, access, and communication, including: notification by providers; “opt out” of beneficiary Medicare data being shared with ACO; and clearance of marketing materials
- Partnership with community stakeholders
- Compliance plan
- Flexibility in how to demonstrate most requirements – previous experience will help
2. ACO Payment Methods: Benchmark Calculation

- Identify beneficiaries assigned to ACO retrospectively (but ongoing data/measure feeds to provide insights about likely beneficiaries)
- Use three previous “baseline” years of total Medicare A+B spending to calculate base-year per-capita spending benchmark
  - Some risk adjustment in baseline amount
- Over 3-year ACO contract, benchmark updated annually based on actual increase in national average per capita A+B spending amount
- Track 1: two years of “one-sided” risk – share up to 50% savings above 2% threshold; then two-sided risk
- Track 2: “two-sided” risk from start – share up to 60% of savings and higher costs, if beyond 2% minimum
- Savings and losses are capped
### 3. Performance Measures – ACO Gets More of Shared Savings with Higher Quality Performance

<table>
<thead>
<tr>
<th>Domain (# of Measures)</th>
<th>Sample Measures</th>
<th>Data Source(s)</th>
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</thead>
<tbody>
<tr>
<td>Patient Safety (2)</td>
<td>• Health Care Acquired Conditions Composite</td>
<td>7 measures are survey-based (CG-CAHPS)</td>
</tr>
<tr>
<td>Patient/Caregiver Experience (7)</td>
<td>• Getting Timely Care, Appointments, and Information • Health Status/Functional Status</td>
<td>11 measures can be calculated using Medicare claims (Part A &amp; B) only</td>
</tr>
<tr>
<td>Preventive Health (9)</td>
<td>• Influenza Immunization • Colorectal Cancer Screening</td>
<td>5 measures derive from ACO attestation (part of MU incentive program)</td>
</tr>
<tr>
<td>Care Coordination (16)</td>
<td>• Risk-Standardized, All Condition Readmission • Medication Reconciliation • Care Transition Measure • % All Physicians Meeting Stage 1 HITECH Meaningful Use Requirements</td>
<td>42 measures require clinical data, which may come from labs, registries, patient records, and other clinical data sources (measures are part of PQRS)</td>
</tr>
<tr>
<td>At-Risk Population/Frail Elderly (31)</td>
<td>• Diabetes Mellitus: HbA1c Control (&lt;8%) • Heart Failure: Weight Measurement • CAD: Drug Therapy for Lowering LDL-C • COPD: Spirometry Evaluation • Falls: Screening for Fall Risk</td>
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**Total:** 65 measures across 5 domains

Note: Over time CMS seeks to add more measures and align proposed measures with those in use for CHIP, Medicaid, Special Needs Plans, etc.
Quality Measure Scoring

- In year 1, scoring is based on measure reporting only.
- Beginning in year 2, quality performance is based on measure scores. For each measure, quality points are awarded on a sliding scale: no points below the 30th percentile and maximum points (2) above the 90th percentile.
- Initially benchmarks calculated when available through FFS/MA, in later years benchmarks calculated from actually observed ACO performance.

![Graph showing quality measure scoring with 70th percentile as Quality score of 1.7 points.]
4. Other Issues in ACO Proposed Regulation

- Quarterly aggregate data reports based on most recent 12 months of data, and beneficiary-identifiable data for beneficiaries who do not “opt out”

- Guidance (and promise of 90-day review) from DOJ and FTC on antitrust issues, and guidance from OIG on Stark/antikickback/CMP issues

- Special provisions for ACOs with rural and low-income populations

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1 Initial aggregate reports will be based on the historical benes. used to calculate the benchmark; following reports based on most recent 12 months of data
Timeline for Medicare Shared Savings Program

- Draft Regulations (April 7, 2011)
- Public Comments Due (June 6, 2011)
- Final Rules Published
- Sub-regulatory guidance published
- DoJ Guidance published
- Program Established (January 1, 2012)

CMS revises rule according to public comment
Potential Synergy in Payment Reforms

ACOs can strengthen ongoing reform efforts
- Medical home
- Episode, readmission initiatives
- HIT
- Others

ACOs can operate in conjunction with current payment structures
- FFS
- Bundled payments
- Partial/full capitation

Confusing aims
- Nonexistent or poor measurement
- Wrong financial incentives
- Fragmented care
Synergy in Payment Reform

• Aligned Performance Measures
  • Quality (Including Impact on Outcomes, Population Health)
  • Cost/Efficiency Impacts
• Aligned Reform Priorities and Support
  • Chronic disease management, care coordination, major specialty care
  • Timely data for patient care
  • Supportive health plan and regional systems
• Aligned Payment Reforms
  • HIT Meaningful Use
  • Payments for Reporting/Performance
  • Medical Homes
  • Episode Payments
  • Accountable Care
  • Others
• Sufficient Scale
  – Sufficient capital to provide time, effort, and technical support for real delivery change (payers, providers- including physicians, equity)
  – Strategy for using and augmenting Federal payments
  – Systemwide leadership: regional collaborations; business groups; states; Federal government?
Key Issues for Health Care Organizations: Strategy Development

• Critical Time for Developing Strategy of Reforms Aligning on Care Improvement, Prevention, Cost Reduction
  – Many promising reform efforts underway – exact future policy directions unclear, but alternatives to reforming care will be worse
  – Tie together all reform initiatives through focus on quantifiable and synergistic impacts
  – Implementation with individual private payers
  – Implementation with state or regional collaborations
  – Medicare participation emerging – foundation and track record likely helpful
  – Technical support available – including Brookings-Dartmouth ACO Learning Network

• Specific Steps for Clinical Care Improvements for Quality Improvement and Cost Reduction
  – Care coordination
  – Preventive and primary care strategies, including preventing hospitalizations
  – Specialist care strategies
  – Supportive/palliative care strategies
Key Issues for Health Care Organizations: Leading Clinical Improvement

• Performance Measurement to Support Better Care
  – Range of patient-centered/ population measures, linked to actionable measures for providers
  – More work especially in patient experience, outcome, care coordination measures

• Driving Synergies with Other Reform Initiatives for Financial, Organizational Support
  – Key HHS/CMS Initiatives: HHS Safety Initiative (HAC measures, preventable readmissions)
  – Other payment reforms: Hospital Quality Reporting (moving toward more patient-focused measures); Value-Based Payment Initiative (likely to include many common elective surgical conditions); upcoming Physician Payment Reforms (moving toward episode and patient-level quality improvement)

• Better Evidence on Cost and Outcome Impact of Quality Improvement Initiatives
  – Learning networks, PCORI priorities

• Successful Examples of Simultaneous Care/Payment Reforms

• Overall Business Strategy Must Include Increasing Focus on Accountability