



Are “Accountable Health Organizations” going to be the new provider model?

by: Bill Appling

Accountable Health Organizations or “ACOs” have come from perhaps the most influential thinker and health services researcher, Elliott S. Fisher, a Dartmouth College researcher. ACOs are meant to spur teamwork by providers to deliver efficient care that many analysts believe is full of duplication and medical procedures of uncertain value. Affiliations of providers, such as physicians and hospitals are not new. But, the ACO is designed and meant to encourage coordination.

There have been simulations performed that showed clear and specific spending measurements that benefit providers in a positive financial manner. Of course many of these simulations have been around the Medicare population. The “medical home” model is a primary care delivery model approach that can be used by ACOs to help in reaching these goals.

The ACO is accountable for specific population spending targets with measurable outcomes. If it meets or exceeds those outcomes, it is rewarded with a share of the overall savings. There can also be penalties in not meeting those targets. For some providers, this will sound like capitation. And, that is because in many ways they are a version of it. However, the concept is gaining industry attention showing a potentially acceptable way to move toward integration of health care services.

At the heart of the ACO concept is the expectation that when groups of providers are collectively accountable for meeting cost and quality targets, internal peer review and peer pressure will drive the identification and implementation of best practices. Systematically, these will in turn lead to better cost controls and outcomes. ***In an iterative process, the providers themselves, not payors will drive efficient, evidence-based delivery.*** (Brookings Forum, 2009)

Although the initial focus on ACOs has been on the Medicare population, some groups have “carved out” disease states, which have a strong financial impact on premiums and have negotiated with payers and self-insured companies using this very concept and methodology. We are working with two groups that have the potential in saving hundreds of thousands of dollars regarding chronic conditions that impact companies in the Greater Memphis area.

Many times, groups look strictly at the Medicare population and ignore other populations which are impacted by high

medical costs. It has been interesting and well received by employers and some payers regarding how much savings can come from a type of carve out “ACO.”

Not liking to use the phrase, “out of the box thinking” that is exactly what this is. Why would you not take simulations such as those closely being watched by the Medicare Advisory Commission (MedPAC) and adapt them to the private market that is looking to control health care costs and decrease premiums? If it provides better quality of care, as well as a positive impact to your bottom line, then this approach makes sense to me.

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For more information, contact Jennifer Price at the Memphis and Shelby County Health Dept. at 901-379-7156 or jennifer.price@shelbycountyttn.gov