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Understanding Market Expectations of ACOs: The Employer Perspective

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A community of companies who come together to leverage their thought leadership and share best practices to…

Manage health care costs and drive delivery transformation

Link well-being to business performance and workforce strategy

Address the health and productivity of the global workforce

Accelerate the adoption of effective innovations

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…including many industry partners

Collaboration is key to driving change

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How Employers Make Decisions

$$\text{Value} = \frac{\text{Quality} + \text{Delivery} + \text{Experience}}{\text{Cost}}$$

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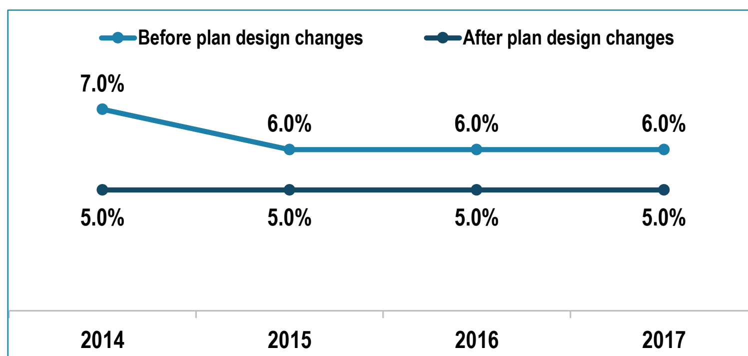
Rate of Cost Increase Threatens Long-Term Affordability

Q: What percentage increase in health care costs are you projecting before and after plan design changes?



Health Care 6%
CPI < 2%
Wages 3%

Employers expected health care costs to increases **5.0%** in 2015, but—on average—large employers kept cost increases to **4.0%**

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Leading Employer Trends

Shifts in Strategy

- Demand-side to Supply-side
- Broad-based to Targeted, Personalized Communications
- Call Center to Concierge
- Employee Benefits to Employee Experience
- Health Care Strategy to Workforce Strategy

Areas of Concern

- Rx Management in CDHP Environment
- Point-solution Fatigue
- Signs of Trend Acceleration
- Gap in Medicare Access/Navigation
- Growing Focus on Mental Health
- Precision Medicine – e.g., Oncology
- Supply-side Consolidation

Need to Stay Ahead of Leading Trends

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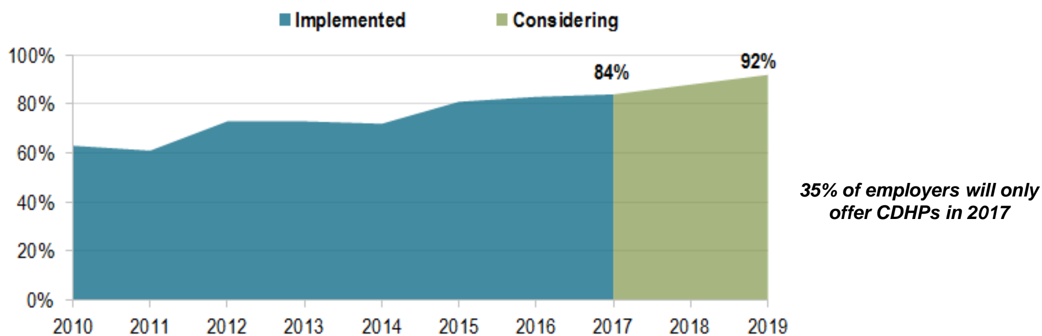
Demand-side to the Supply-Side

Growth in Consumer-Directed Health Plans



35% of employers will only offer CDHPs in 2017

Source: National Business Group on Health, *2017 Large Employers Health Plan Design Survey,* August 2016.

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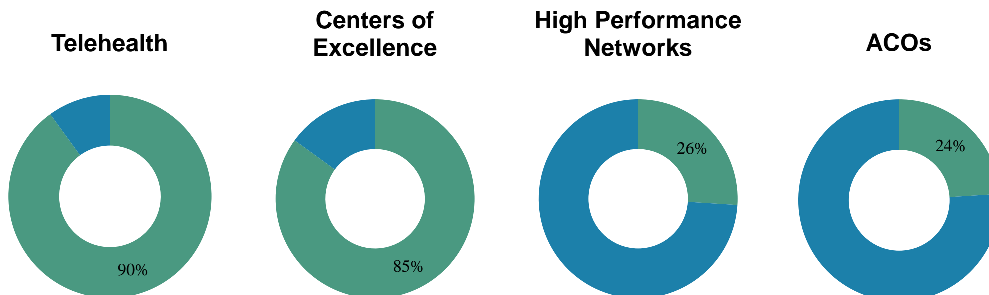
Demand-side to Supply-side

New Health Delivery Approaches



Source: National Business Group on Health, *2017 Large Employers Health Plan Design Survey,* August 2016.

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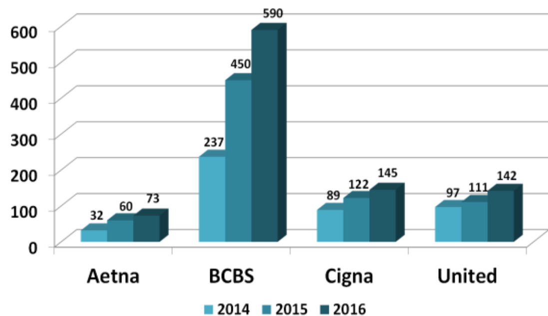
ACOs – A Market Opportunity in Need of Understanding



- Confusion in market about design, finance and administration
- Inconsistency in deployment and maturity
- Little data on results (quality or cost)
- Employers have many questions and concerns

How do ACOs deliver better value than the market?

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What is an ACO Anyway?

Accountable Care Organization [noun]

Health care providers who come together in a delivery model that ultimately accepts responsibility for the quality and cost of care for a defined population.

Abbreviation: ACO

Farzad Mostashari, MD, Founder and CEO of Aledade

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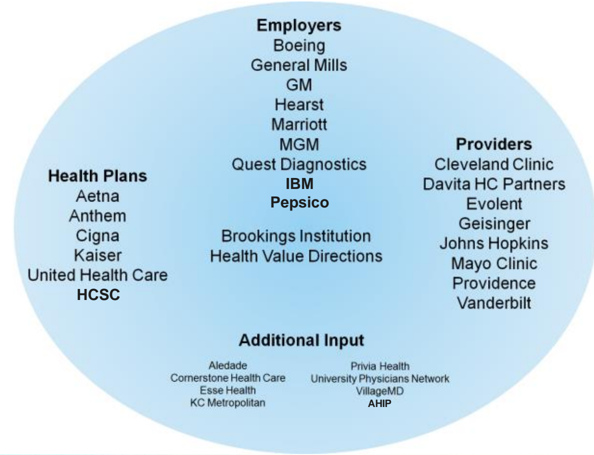
Understanding Market Expectations of ACOs

- Can employers, providers and payers agree on market expectations of ACOs?
- Can we help employers articulate those expectations to the market?
- Can we help employers explain value of ACOs to employees and their families?



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ACO Journey Map

COMPETENCY EXPECTATIONS	Launching 1-3 YEARS	DEVELOPING 2-5 YEARS	MATURING 4-8 YEARS
Clinical Governance			
⇒ Provider Responsibility	○ Providers approve clinical and operational goals and plans	○ PCPs and specialists oversee quality and patient experience	○ Accountable for achieving sustained high performance
Network			
⇒ Primary Care (PCP)	○ Established	○ Add high value PCPs	○ Optimized and refine network
⇒ Hospitals and Specialists	○ Identified and recruit	○ Add high value hospitals and specialist	○ Optimized and refine network
Care Model			
⇒ Medical Home	○ Implementing	○ Established, integrating behavioral health	○ Optimized and complete
⇒ Risk Stratification	○ High-risk patients targeted	○ Expanded to include moderate-risk consumers	○ All consumers targeted
⇒ Clinical Guidelines	○ Established for high-risk patients	○ EMR-based, expanded use across conditions	○ Complete guidelines across ACO
⇒ Quality	○ Siloed quality efforts	○ Coordinated quality efforts	○ Continuous quality improvement
⇒ Care Coordination	○ Through health plan or ACO	○ Shifting to ACO	○ ACO-driven
⇒ Site of Care	○ Adding low costs sites of care	○ Refer to efficient sites of care	○ Integrated into care model
⇒ Medication	○ Polypharmacy and reconciliations	○ Evidence-based use, adherence and efficiency	○ Value-based, efficient across sites
Consumer Experience			
⇒ Access	○ Inconsistent 24/7 access	○ Expanded 24/7 and same day urgent access	○ Consistent 24/7 and urgent access
⇒ Proactive Outreach	○ Limited to high-risk patients	○ Expanded for moderate risk consumers	○ Consistent outreach to all consumers
⇒ Satisfaction	○ Measured for high-risk patients	○ Improving for high- to moderate-risk consumers	○ Concierge model for all consumers
⇒ Portal	○ Basic, includes records and messaging	○ Addition of care plans and content	○ Comprehensive and mobile-enabled
Technology & Analytics			
⇒ Electronic Medical Record (EMR)	○ Multiple and separate EMRs	○ Limited data exchange between EMRs	○ Complete EMR interoperability
⇒ Predictive Analytics/Registries	○ Primary care registries only	○ Primary and specialty care registries	○ Integrated registries
⇒ Data Analytics	○ Limited to EMR data	○ Multiple data sources to identify opportunities	○ Use comprehensive clinical/claims data
Finance Model			
⇒ ACO Risk	○ Gain-sharing tied to quality and cost	○ Gain- and loss-sharing tied to quality and cost	○ At risk for total cost of care
⇒ Physician Incentives	○ Small incentive, limited ACO panel	○ Increased incentive, expanded ACO panel, introduce downside risk	○ Compensation with incentives tied to performance

ACO Journey Map

The ACO Journey Map is intended to facilitate conversations between employers, health plans, and health systems regarding an ACO's maturity level, structure, capabilities, and ability to deliver on performance goals. With hundreds of ACOs across the United States, there are natural variations in care models, technology infrastructure, financial arrangements, approaches to pharmacy, and several other domains. As employers consider whether to invest in plan design steerage toward ACOs, this journey map can aid in assessing reasonable expectations for consumers attributed to an ACO and total cost of care expectations for employers. This journey map can be combined with ACO performance metrics to assess whether investment is appropriate.

HOW TO SCORE: ○ Not Started ◐ In Process ● Complete

ACO Name: UnitedHealth Group Blinded

COMPETENCY EXPECTATIONS	Launching 1-3 YEARS		DEVELOPING 2-5 YEARS		MATURING 4-8 YEARS	
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⇒ Site of Care	○	Adding low costs sites of care	◐	Refer to efficient sites of care	○	Integrated into care model
⇒ Medication	○	Polypharmacy and reconciliations	●	Evidence-based use, adherence and efficiency	○	Value-based, efficient across sites
Consumer Experience						
⇒ Access	○	24/7 access is available but inconsistent	●	Expanded 24/7 and same day urgent access	○	Consistent 24/7 and urgent access
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Tipping Point

- **Provider-led planning and leadership is in place**
- **PCPs have at least 33% of their patient panels in alternative payment models**
- ***EMR-based* clinical guidelines and protocols are used for high and moderate risk patients across providers**
- **Coordinated care in practice with integrated medical and behavioral health models**
- **Referral to efficient sites of care is SOP**
- **Consumers have consistent 24/7 and same day urgent access**
- **Proactive outreach for high and moderate risk consumers**
- **Providers have EMRs with active data exchange of high priority data and guidelines in their workflow.**
- **ACO has gain/loss-sharing agreements with one or more health plan**
- **10-25% of physician total pay is at risk**

Quality and Cost Considerations

Clinical Quality
- Are results better than local market alternatives, improving each year and approaching national best practices?
- Has the ACO identified and achieved improvements in quality and health outcomes?

Cost
- Is the total cost of care at a level that will produce significant savings and are trend rates likely to preserve or expand savings?
- Do risk results and contract terms show sustained positive performance?
- Why are PMPM costs and utilization rates changing (e.g., price, disease patterns, site of care, referral patterns, member demographics, provider network)?

Consumer Experience
- How does the ACO consumer experience differentiate from the market for each of the following groups: high risk consumers, moderate risk consumers and healthy consumers?

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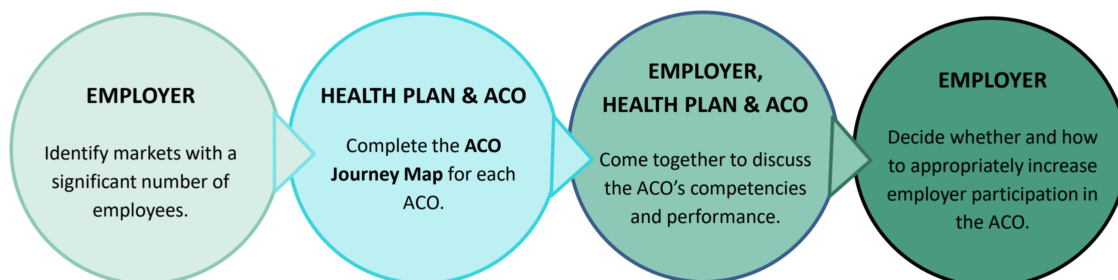
Getting Started



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