

ACO Concept Generating Activity, Discussion

Accountable care organization allows groups of providers to work together to treat patients.

BY MARY ELLEN SCHNEIDER

Accountable care organizations are garnering a lot of attention as a way to reform how health care is paid for in the United States, but just about the only thing that experts can agree on right now is that the ACO concept is still in its infancy.

"This is sort of an evolving area of health policy, and it's not exactly clear that, when people are talking about ACOs, [everyone] has the same thing in mind," said Dr. Francis J. Crosson, senior fellow in the Kaiser Permanente Institute for Health Policy in Oakland, Calif., and a member of a task force on ACOs that was recently convened by the National Committee for Quality Assurance (NCQA).

In general, ACOs would allow primary care physicians, specialists, and hospitals to form a partnership to provide care to a group of patients. The idea is that all the providers would work together to improve quality and manage costs, and that they would share in any savings that were produced as a result. A few models already exist for both pediatric and adult populations.

While many hospitals are still just contemplating their potential role in an ACO,

Nationwide Children's Hospital in Columbus, Ohio, is billing itself as the country's largest pediatric ACO. It offers one model for how to pursue this concept in the care of children.

Starting about 5 years ago, Nationwide officials partnered with the state of Ohio to assume financial risk in treating children who were covered by the Medicaid managed care program in central and southeast Ohio. To help run the program, they formed a nonprofit physician-hospital organization called Partners for Kids that includes not only Nationwide-employed physicians but also other physicians working in the community.

Under the arrangement, Partners for Kids receives a capitated fee to care for about 285,000 pediatric Medicaid recipients. The organization contracts with three Medicaid managed care plans that retain a percentage of the Medicaid premium to provide claims processing, member relations, and other medical manage-

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ment functions. The hospital and physicians assume the business risk for clinical and financial outcomes.

The idea was to move away from the conventional fee-for-service model while improving access for children who might otherwise have difficulty finding a physician, said Dr. Steve Allen, chief executive officer for Nationwide. For example, Partners for Kids pays primary care physicians in rural areas an increased fee to keep their panels

open for these Medicaid patients.

"We saw this as an opportunity to change the paradigm so that we could improve access," Dr. Allen said.

Officials at Nationwide Children's Hospital have conducted an analysis of the current ACO landscape and found that about a dozen institutions around the country are planning to develop or have launched some type of a pediatric ACO, with sizes ranging from 30,000 patients to Nationwide's high of 285,000. Most of the more developed models are among integrated delivery systems, Dr. Allen said.

One integrated system looking to become an ACO is University Hospitals in northeast Ohio.

Participating in an ACO will mean shifting the system's focus from an acute, episodic care model to a prevention and wellness model, according to Dr. Eric Bieber, chief medical officer at University Hospitals Case Medical Center and Rainbow Babies and Children's Hospital.

"Health care in its present design is highly episodic. It doesn't relate one piece to the other," he said. Switching to an ACO model "is a transformational change in how care is going to be delivered."

There has been a lot of buzz around ACOs since the passage of the Affordable Care Act. The massive health re-

form law includes three sections with implications for forming ACOs. The section that has received the most attention is the Medicare shared-savings program, which will allow groups of providers to work together to treat patients and to share in any savings they achieve. That program is set to launch in January 2012. CMS is expected to put out its criteria for the shared-savings program sometime this fall.

ACOs may also end up being part of testing performed by the Center for Medicare and Medicaid Innovation, a new office created under the law. The innovation center has broad authority to test new payment ideas and will launch in January 2011.

Finally, the Affordable Care Act includes a pediatric ACO demonstration project that allows states to recognize pediatric medical providers as ACOs and to award incentive payments through Medicaid. That project is also expected to launch in January 2012.

Since the passage of the Affordable Care Act, there's been a "flurry of activity" going on around the country, similar to what happened in the early 1990s around the growth of HMOs and capitation, said Dr. Crosson of the Kaiser Permanente Institute. "All over the country, hospital boards are going off with their medical staffs and asking the question, 'Do we want to become an ACO?'"

In the near term, there is likely to be a range of ACO models, Dr. Crosson predicted. Some will be tightly constructed around integrated delivery systems in which physicians and hospitals are part of the same economic entity. Other will be looser models that bring together a group of physicians and hospitals that are financially separate from one another, he said.

The real question, Dr. Crosson noted, is not whether various models can be designed, but which ones will work best. And for that, he said, only time will tell.

Naseem S. Miller contributed to this report.

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ment of the Treasury urging it not to allow trial lawyers to deduct court costs and other expenses. Making such a change to tax law could encourage trial lawyers to file more claims, the organizations claimed. "Even though a substantial majority of claims are dropped or decided in favor of physicians, the cost of defending against meritless claims averages over \$22,000," their letter said. The organizations urged the treasury department to reconsider rumored plans to change current policy, which does not allow such tax deductions.

Workers' Premium Share Jumps

Workers who receive health insurance through their employers are paying nearly \$4,000 in 2010 for family health coverage, an increase of 14% from 2009, according to a report by the Kaiser Family Foundation and the Health Research and Educational Trust. However, the total cost of coverage, including employers' contributions, hasn't climbed as much: Average total premiums for family coverage rose 3% in 2010 to \$13,770, the survey found. Since 2005, workers' contributions to premiums have risen 47%, while overall premiums rose 27%, the organizations reported. Many companies have raised deductibles for workers: A total of 27% of workers now face annual deductibles of at least \$1,000, compared with 22% who faced these high deductibles in 2009, the survey found. "If premiums

and costs continue to be shifted to consumers, households will face difficult choices, like forgoing needed care or re-examining how they can best care for their families," Maulik Joshi, Dr.P.H., president of the Health Research and Educational Trust Association, said in a statement.

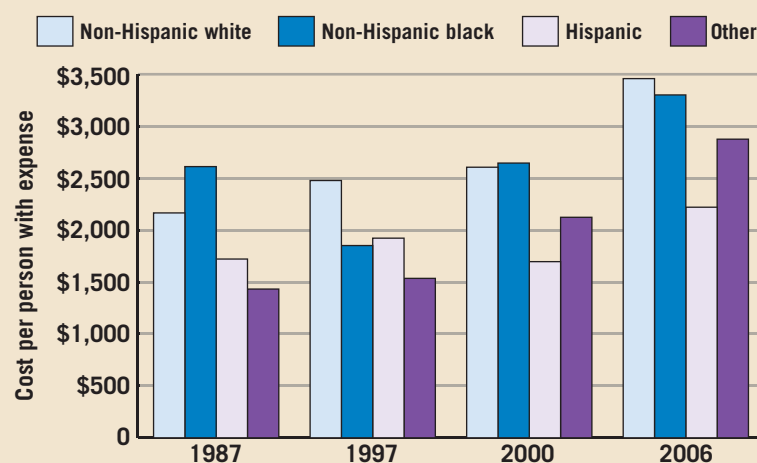
Prescription Drug Use Rises Again

The percentage of Americans who said they took at least one prescription drug in the past month increased from 44% to 48% from 1999 to 2008, according to a report from the Centers for Disease Control and Prevention. At the same time, the number of people who said they had taken two or more drugs in previous month increased from 25% to 31%, and the number of people who took five or more drugs increased from 6% to 11%, the report found. One out of every five children used one or more prescription drugs, as did 90% of adults aged 60 years and older. Women were more likely to have taken a prescription drug. Those who didn't have health insurance, prescription drug coverage, or a regular place to receive health care tended to take fewer prescriptions. The most commonly prescribed drugs included asthma medicines for children, central nervous system stimulants for adolescents, antidepressants for middle-aged adults, and cholesterol-lowering drugs for older Americans, the report found. The data came from the National Health and Nutrition Examination Survey.

—Jane Anderson

DATA WATCH

Annual Health Care Expenses Lowest for Hispanics



Source: Agency for Healthcare Research and Quality