Insight Driven Health

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ACO Industry Perspective & Implications

Health TechNet Meeting

Agenda

- Industry Perspective & Insights
- Design implications for CMS Enterprise
- Next Steps

Executive Summary - Industry Perspective & Insights

Industry Perspective & Insights:

1) *Increasing momentum around Payment & Delivery Reform and ACO formation:*
   - Being driven by Providers and Payers, alike.
   - Extent of momentum and activity varies by market / geography and based on the perceived level of competitive threat and/or opportunity posed:
     - Range of "responsiveness" from: taking "action now" *to* adopting a "wait and see" approach
   - Primary focus for Providers and Payers is **optimizing care delivery to improve clinical outcomes and reduce medical costs**; *appears to be less focused on shifting from Fee-for-Service to Value-Based payment mechanisms (however this is anticipated)*

2) *For those taking action now, 3 key areas of activity are emerging:*
   - Strategy Development / Validation;
   - Capability Assessment, Design, Development; and
   - Provider-Payer Contracting & Collaboration / Joint Venture Opportunities.

3) *Key capability needs include:*
   - Provider Network Strategy and Management;
   - Integrated Care Delivery Model;
   - Information Technology / "Connected Health";
   - Data Management and Analytics; and
   - Payment Methodology and Management.

Executive Summary (cont'd)

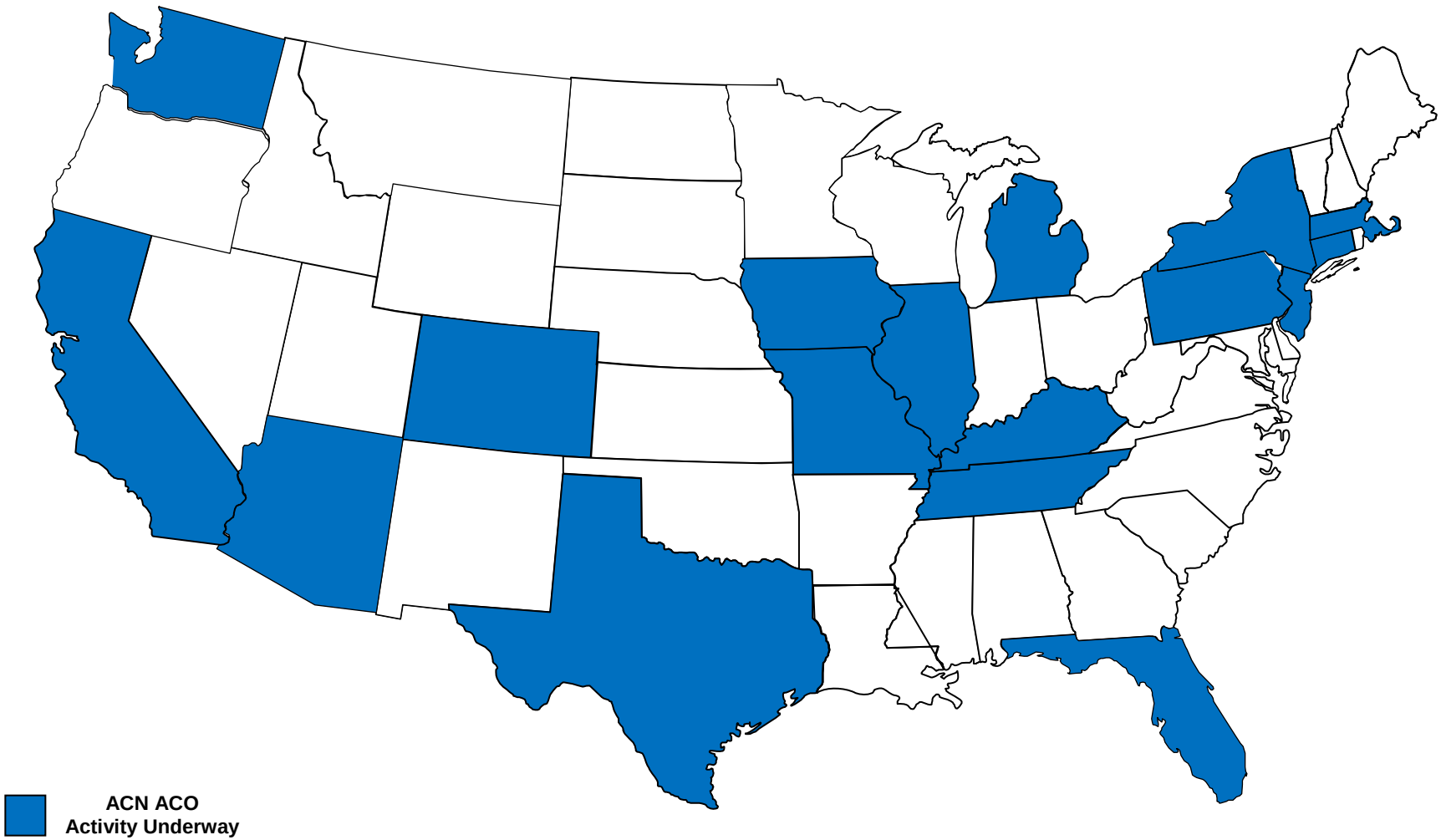
Design implications for CMS Enterprise:

1) *As the single largest payer and the administrator for the ACO "Shared Savings" program, CMS must address a similar array of core capability needs:*
   - Contracting;
   - Payment Model Design & Management;
   - Information Systems / Technical Integration/Interoperability; and
   - Data Management / Analytics.

2) *CMS Enterprise Model must be create a seamless experience for key stakeholders and optimize program success. Critical success factors include:*
   - Alignment of provider incentives with coordinated, efficient, and high quality care delivery;
   - Integration of information systems to enable needed data capture; and
   - Ongoing, rigorous data management and evaluation of program performance.

3) *CMS Enterprise Model must also go beyond today's needs; it must be flexible, scalable, and interoperable to keep pace with changing program needs that may include:*
   - Evolving payment systems from Shared Savings to Episodic Bundling and Global Payments;
   - Increased consumer engagement (particularly as beneficiaries move from commercial plans to Medicare); and
   - Program Continual Quality Improvement and Results Management.

ACOs are increasingly viewed as a cornerstone of Payment & Delivery reform, though momentum varies by geography / market . . .

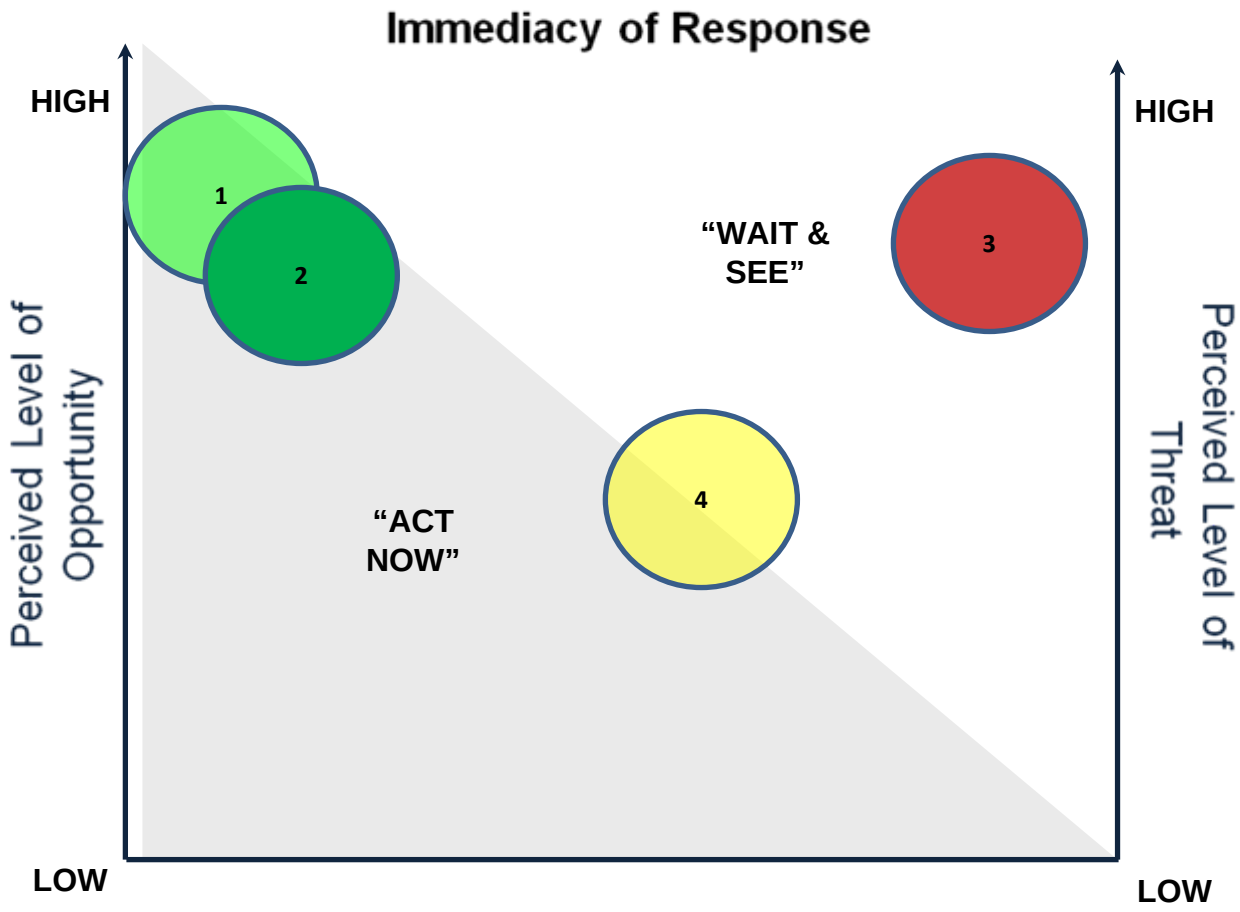


. . . and the perceived threats and opportunities vary based on market segment:

	Providers	Payers
Threats	Increased Accountability for Total Cost of Care	Greater Complexity of Pricing, Contracting & Payment Distribution
	Decreased Unit Volume (must be backfilled with Patient Volume)	Likelihood of Repurposing Health Mgmt and / or other Core Business Functions
	Greater Complexity of Pricing, Contracting & Payment Distribution	May Reduce Top-Line Growth, in Absence of New Revenue Streams
	Likelihood of Repurposing Services / Operations	Significant Investments in HIT, Data / Analytics, Skillset Retooling / Training
	Significant Investments in HIT, Data / Analytics, Skillset Retooling / Training	Legislative Uncertainty
	Legislative Uncertainty	
Opportunities	Improved Quality & Clinical Outcomes	Improved Quality & Clinical Outcomes
	Reward / Performance Payments for High Quality	Decreased Utilization
	Increased Patient "Centeredness" & Care Coordination	Reduced Medical Costs & Risk for Total Cost of Care
	Strengthened Provider Alignment	Strengthened Provider Network
	Increased Growth / Market share	Reduced Administrative Spend
	Strengthened Core Competencies	New Revenue Streams (e.g., Provider Services, new ACO Products)

Payment & Delivery Reform

These perceptions are driving a spectrum of market "responsiveness" among our clients, ranging from those "acting now" to those who prefer to "wait and see."



1. **Provider Perceived Opportunities**
   - Market Dominance
   - Strengthened Provider Alignment
   - Improved Quality / Reduced Costs
   - Improved Care Coordination

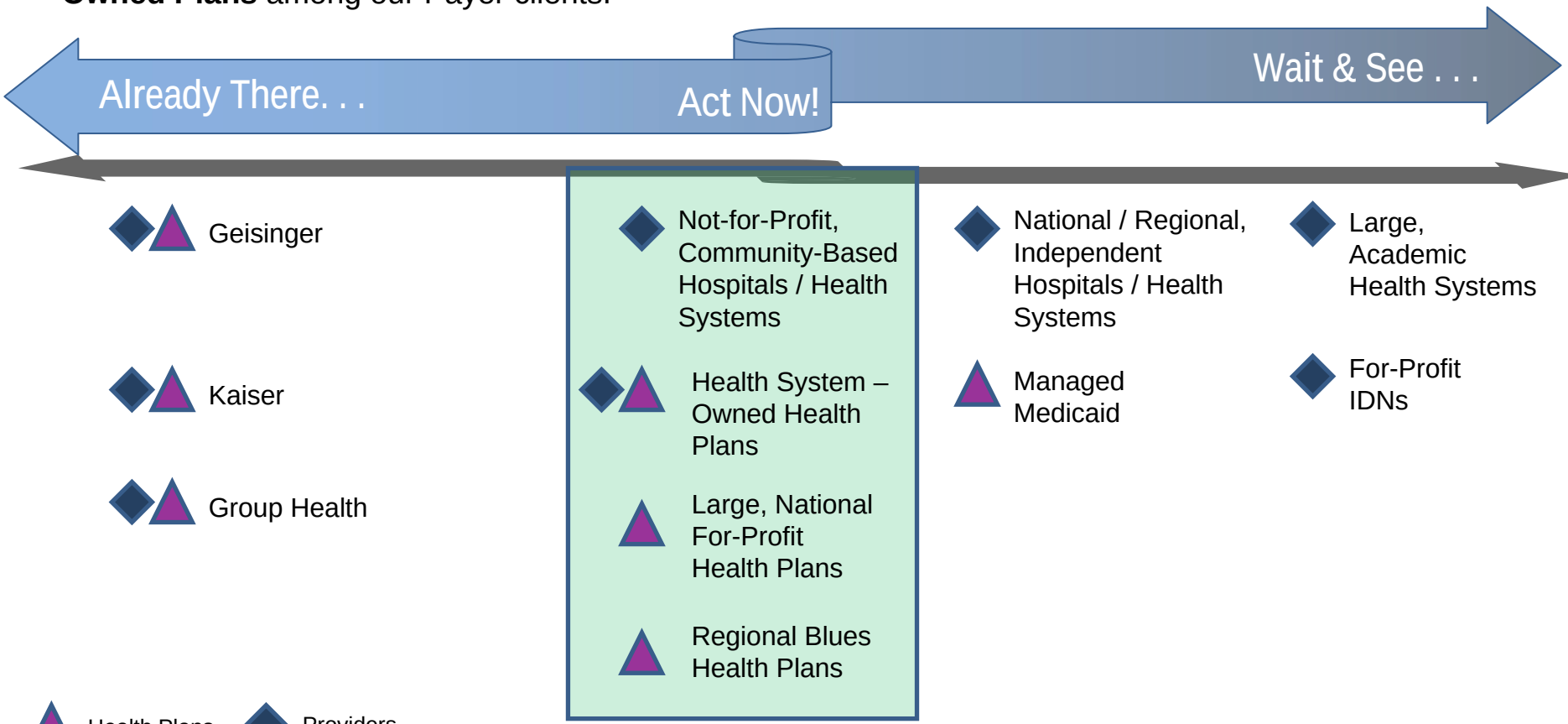
2. **Payer Perceived Opportunities**
   - Market Dominance
   - Reduced Medical Costs
   - Strengthened Provider Network
   - Revenue Diversification

3. **Provider / Payer Perceived Threats**
   - Legislative Uncertainty
   - Significance of Capability Investments
   - Need for Service / Operations Repurposing
   - Inevitability of New Payment Systems

4. **Provider / Payer "ACO-like" Opportunities**
   - Improved Clinical Quality
   - Reduced Costs
   - Strengthened Provider Alignment

Health systems with providers and payers appear to be responding most immediately.

- This includes the **Not-for-Profit, Community-Based Hospitals/Health Systems** among our Provider clients; and
- The **Large, National For-Profit Health Plans, Regional Blues Health Plans, and Health System-Owned Plans** among our Payer clients.



Among the Providers and Payers "acting now" or in the "short-term," 3 key areas of activity are emerging.

		Providers	Payers
Strategy Development	• Payment Scenario Modeling	X	X
	• Financial Strategy / Business Case	X	X
	• Provider Alignment Strategy	X	X
	• Leadership / Governance Strategy	X	
Capability Assessment, Design, & Development	• Provider Alignment / Network Management	X	X
	• Clinical Service Scope / Operations / Care Transition Management	X	
	• Population Health Management	X	
	• Health Information Technology / Connectivity / IT Reconfiguration	X	X
	• Data Management & Analytics	X	X
	• Quality Management	X	X
	• Financial / Payment Management	X	X
Provider – Payer Contracting & Collaboration	• New Contracting / Incentive Alignment	X	X
	• Closure of Capability Gaps	X	X
	• ACO Joint Venture	X	X
	• ACO and Broader Provider Services		X

To reap the benefits and address the challenges of ACOs, our payer and provider clients recognize that they must collaborate to build the complex and interconnected capabilities.

Critical Success Factors

- Position in the local market
- Relationship with existing health plans / providers
- Ability to achieve consensus among stakeholders:
  - Clinical model
  - Performance measures
  - Comp/reimbursement distribution
  - Risk accountability / management
  - Quality measures
  - Team based care delivery
- Delivery on core competencies

Payment & Delivery Reform Core Capabilities

ACO Core Capabilities. . . A Closer Look

Provider Network Strategy & Management

- Strengthened Primary Care
- PCP / Specialist collaboration
- (ACO) Governance
- Organizational Structure
- Financial Strategy & Management
- Network Development & Management
- Contracting
- Credentialing
- Customer Relationship Management (CRM)

Integrated Care Delivery & Management

- Population Health Management
- Prevention & Wellness
- Campaign Management
- Consumer Health Tools
- Clinical Coaching
- Episodic Care Management
- Evidenced-Based Protocols
- Care Transition Management
- Quality Management
- Clinical Program & Content Management

Information Technology

- Interoperability
- Provider Portal
- Patient Portal
- Personal Health Record
- Health Risk Assessment
- EMR, EHR
- Longitudinal Health Record
- HIE & Patient Registry
- Clinical Workflow Tools
- Decision Support
- Claims
- Billing
- Contracting
- Care Management System

Data Mgmt / Analytics

- Data Warehousing
- Actuarial Analytics
- Predictive Modeling
  - Condition Risk Stratification
  - Patient / Condition Identification
- Standardized, Real-time Reporting:
  - Clinical Quality
  - Utilization
  - Cost
  - Financial Performance / Budget / Forecasting
  - Physician Performance Scorecard
  - Patient Satisfaction Scorecard
  - Ad hoc reporting

Payment Methodology & Management

- Payment System Strategy
- Payment Setting Approach
- Severity Adjustment Methodology
- Patient Attribution
- Payment Transaction Processing
- Payment Distribution / Funds Flow

As the administrator for the ACO/"Shared Savings" program, CMS must address the following capability needs.

Contracting

- **Application Management**
  - Criteria & Review Process
  - Approval Communication
  - **Beneficiary Management**
  - Attribution Methodology
  - Beneficiary Communication / Education to enhance engagement with ACO
  - **ACO / Provider Contracting**
  - Lifecycle Management
  - Policies & Procedures
  - Provider Eligibility/ Credentialing
  - System Reconfiguration
  - CMS Staff Training
  - Provider Communication / Education
  - **Payer Contracting (?)**
  - Lifecycle Management
  - Policies & Procedures
  - System Reconfiguration
  - CMS Staff Training
  - Payer Communication / Education

Payment Methodology & Management

- **Shared Savings & Incentive Program Design**
  - Cost of Care Projections
  - Severity Adjustment
  - Benchmarks/Thresholds
  - Risk Model Design (e.g., 1 vs. 2-sided)
- **Payment Management**
  - Measurement Approach
  - Data Collection Process
  - Data Analysis & Reporting
  - Patient & Provider Attribution
  - Savings Allocation
- **Payment Distribution**
  - Transaction Processing
  - Funds Flow / Distribution
  - On-going Management
- **Communication/Education**
  Plans & Content Development for:
  - Providers / ACOS
  - Beneficiaries
  - CMS Internal Staff

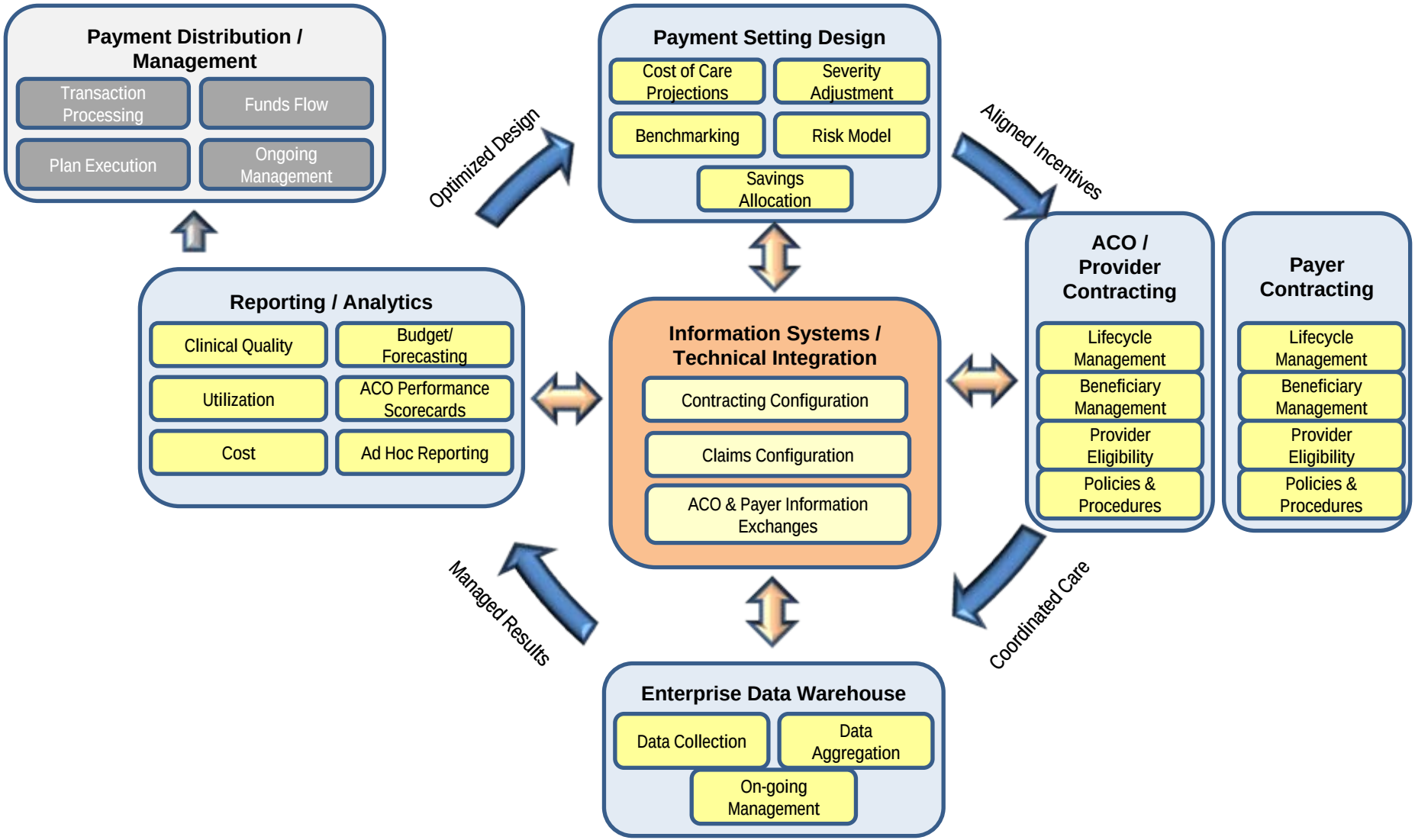
Information Systems / Technical Integration"

- **Claims Adjudication**
  - Claims submission and corresponding management of Incentive Programs and Value-Based payments
  - **Data Exchange between ACO entities and CMS**
  - Receipt of data to drive analytics & reporting
  - **Contracting Management**
  - Configuration to support Incentive Programs and Value-Based contracting

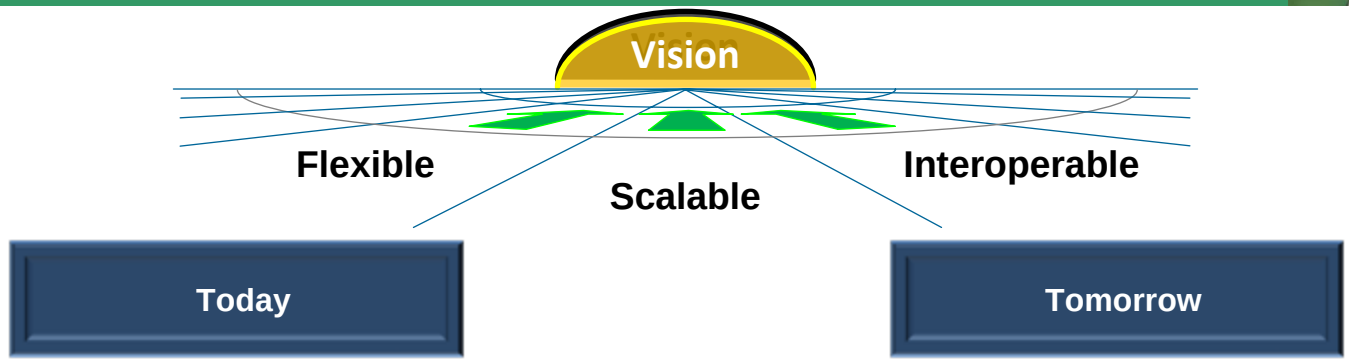
Data Management & Analytics

- **Enterprise Data Warehousing**
- **Actuarial Analytics**
- Historical Pricing Practices
- Cost Structure and Targeted Areas for Medical Cost Reduction
- Clinical Outcomes
- Utilization & per unit costs
  - **Reporting**
- Clinical Quality
- Utilization
- Cost
- Financial Performance / Budget / Forecasting with flexibility to assess by:
  - Overall Program
  - Region
  - ACO / Providers
  - Patients
- ACO Performance Scorecard – individual & comparative
- Patient Satisfaction
- Ad hoc reporting

CMS must create capabilities from an enterprise perspective to create a seamless experience for its key stakeholders and to optimize program success.



CMS enterprise model must also be nimble and scalable to keep pace with changing program needs.



- **Payment System Changes:**
  - Shared Savings, one-sided risk model
  - Value-Based Purchasing Program
  - Strengthened PQRI

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- **Payment System Evolution:**
  - Shared Savings, two-sided risk model
  - Strengthened Value-Based Purchasing
  - Episodic Bundling
  - Global Payments
  - Strengthened PQRI

- **Provider Population Health Management & Consumerism**
  - Emphasis on Wellness & Prevention
  - Engage patients / consumers in management of their health

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- **Increased Consumerism / Patient Responsibility** in addition to Provider Population Health Management
  - Multi-faceted consumer engagement "toolkit"
  - Seamless engagement management from Commercial Plans to Medicare

- **Successful Program Launch**

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- **Continuous Improvement**
  - Results Management
  - Program Evolution

Questions

Accenture supported a leading health care provider with strategic planning, design, build and implementation of a Clinically Integrated Accountable Care Organization.

Client Situation

- An IDN comprised of acute, primary, tertiary, quaternary and preventive care, also regarded for its excellence in research and education. Assets include:
  - 6 hospitals, 2 nursing facilities, and 32 multi-specialty medical centers, 1,100 member medical group, and 500,000 member health plan
- *The Business Need:* Design and implementation of a new operating model consisting of a high-performance provider network and supporting elements to respond to changing market dynamics and drive enhance quality and value.
- *Targeted Objectives*: An integrated clinical framework and deployment of a Physician Network, culminating in a clinically integrated ACO.

Accenture's Role (Phase 1 - 3 Months, Phase 2 - 3 Months, Phase 3 -16 Months)

- Developed the business case and ROI analyses
- Strategic planning, design, build and implementation of the :
  - Provider Network Operating Model
  - Clinical Integration Program
  - Technical Integration Program
  - Organizational alignment and communication

Result

- Phase 1 – ROI Analysis ($49M over 7years), Strategic Plan, & Conceptual Design
- Phase 2 – Launch of the Physician Engagement Strategy (involving 1000 employed and 150 independent MDs)
- Phase 3 - Program design, build and deployment of the new :
  - Business entity, governance structure, and management organization; Clinical Integration program (FTC Advisory) for contracting with multiple payers; Technical Architecture; and Provider Network & Financial Strategy.

Strategic Imperative

A physician driven, clinically integrated Accountable Care Organization.

- The Network is a physician-led subsidiary of the health system, comprised of private practice, employed and group physicians, is focused on delivering even higher quality care and lowering medical costs.
- Quality will be enhanced by measuring performance on physician-defined quality measures, expanding technology into independent practices, and sharing clinical information across the Network with a Health Information Exchange
- Through the Network, and by using the concept of Clinical Integration, physicians will provide optimal value to patients, payers and employers through collaborative best practices, evidence-based medicine and improved efficiency.

Clinical Integration Core Tenets

Clinical Integration is an active and ongoing program developed to evaluate and modify practice patterns of physician participants and create a high degree of interdependence and cooperation among it's physicians to control costs and ensure quality

Accenture supported a large US provider system with design and implementation planning for an innovative enterprise-wide, clinical operating model.

Client Situation

- Large faith based US health provider system, located in 9 states, including:
  - 40+ acute care hospitals
  - 30+ long term care facilities
  - Hundreds of outpatient facilities
  - Home health and hospice services

- *The Business Need:* Design and implement an innovative enterprise-wide clinical operating model to improve clinical safety and quality performance, enrich the patient experience, and generate higher levels of patient, employee and physician loyalty.

- *Targeted Objectives*: Improved consistency of high-quality care, real-time performance visibility, standardized care processes, and optimized use of knowledge capital and enabling technology.

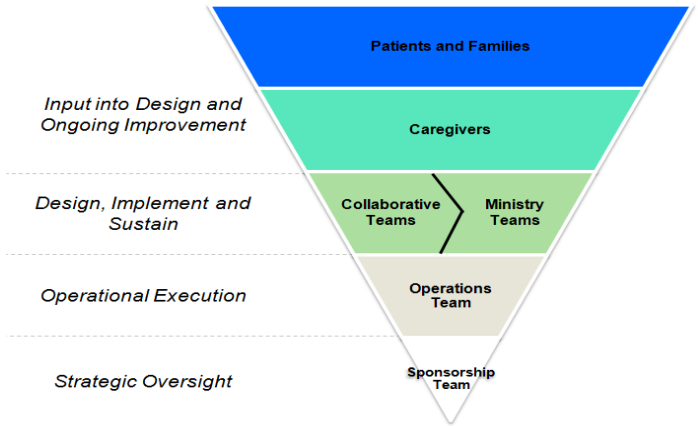
Accenture's Role (Phase 1, 6+ months)

- Developed the vision, conceptual design and governance model.
- Constructed the business case with quantitative and qualitative value.
- Established the roadmap and high-level implementation plan.
- Launched the project's governance and decision making model.
- Confirmed the conceptual operating model to support transformational change.

Results (Phase 1)

- Established 5-year business case with $196M inpatient benefit.
- Developed the vision, conceptual operating model, governance structure, and implementation roadmap.
- With leadership's approval of these foundational design elements, Phase II is now underway; focused on launching the governance structure, detailed design and build of the operating model, change leadership and implementation planning.

Project Governance Structure



Project UCO Business Case Framework