

Accountable Care Organizations

Development and Implementation

OVERVIEW of CONCEPT

Successful delivery system reform must slow spending growth while improving quality and care coordination. Combining local organizational accountability for quality and costs with meaningful performance measurement enables value-focused payments to providers. The ACO proposal provides a voluntary reform path that builds on current referral patterns and offers shared savings payments to providers willing to be accountable for quality and costs. We can simulate the potential impact of the reform using Medicare data and show that significant savings are possible. This proposal fits within a strategic reform framework that aligns other feasible short-term policy reforms with key long term goals.

The Accountable Care Organization model is based on the following principles:

- Local Accountability – ACOs will be comprised of local delivery systems with patients assigned to their organization. ACOs will be given a target for expenditures for the patients assigned to their ACO. This approach makes local systems accountable for the cost, quality and capacity within the system.
- Shared Savings – ACOs with expenditures below their target will be eligible for shared savings payments. This model allows all participating stakeholders to share in the savings accrued within their system.
- Performance Measurement – In any shared savings model, performance measurement is an essential component to ensure that appropriate care is being delivered. ACOs will be asked to report patient experience data in addition to clinical process and outcome measures. To receive its full shared savings payment, an ACO must obtain certain quality benchmarks or show significant improvement.

ACO LEARNING COLLABORATIVE

To demonstrate that the ACO concept can be implemented successfully, we propose a learning collaborative composed of 3-5 pilot sites interested in moving forward with the concept. The collaborative would include the following components.

- Data Analysis – Each pilot site will receive an analysis of its current environment, including areas in which it excels and areas for improvement.
- Consulting Services – Each site will receive limited one-on-one consulting time to address unique issues in their region and market. This will also include a site visit by staff to help coordinate efforts.
- Predicted Spending and Targets – Using a common method, predicted expenditures and targets will be provided for each site with an explanation of the methodology.
- Best Practices – Sites will receive improvement information designed to assist the organization in cost reduction and quality improvement programs. This information will focus on proven methods for improvement.
- Communication – The collaborative will hold monthly conference calls and bi-annual meetings at which pilot sites can share information among themselves. In addition, information on successful strategies will be recorded for additional dissemination outside the ACO collaborative.