



## **James Field on What The New Regulations Mean For ACOs**

**June 20, 2011**



### **Featured Speakers For Today's Webcast:**

**James Field**, General Manager  
Research Solutions Division for The Advisory Board Company

**Peg Meadow**, Director  
Government & Industry Affairs, Siemens Healthcare

# Agenda

- 1. What's new in May and June 2011?**
- 2. Overview of the Pioneer ACO Model**
- 3. Questions**
  - A. Industry Response (10)**
  - B. Delivery System Network Design (6)**
  - C. Medicare Shared Savings Plan (MSSP) Specifics (15)**

**Please submit your questions in the Q&A box on the left side of the console and they will be responded to throughout the webcast.**

# Industry Update: What's New In May and June 2011?



## ■ **ARRA-HITECH**

- Medicare and Medicaid incentive monies paid - \$153M
- HIPAA Privacy Rule Accounting of Disclosures under the Health Information Technology for Economic and Clinical Health Act – NPRM May 27<sup>th</sup> – Comments due August 1<sup>st</sup>
- June 8, 2011 HIT Policy Committee Meeting – “signal to the market”
- The HIT Standards Committee’s Implementation Workgroup Seeks Comments on the EHR Temporary Certification Program, Stage 1 Meaningful Use, by June 17<sup>th</sup>

## ■ **PPACA** (Patient Protection and Affordability Care Act (ACA))

- Value-Based Purchasing Program – 1<sup>st</sup> for ACA; Final Rule Published
- Medicaid Program: Payment Adjustment for Provider-Preventable Conditions Including Health Care-Acquired Conditions Final Rule – June 1<sup>st</sup>
- Medicare Program: Availability of Medicare Data for Performance Measurement – June 8<sup>th</sup>

## ■ **Others**

- Medicare: Proposed Changes to Electronic Prescribing (eRX) Incentive Program Proposed Rule on Display May 26<sup>th</sup>

# Stay Informed about ARRA – Recent Activities



- **June 20, 2011** James Field, The Advisory Board – New Regulations On Medicare Shared Services Part II
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## Recent Webcast Replays - Visit [www.siemens.com/arra-hitech](http://www.siemens.com/arra-hitech)

- **June 15<sup>th</sup>, 2011** - How MedCentral and Riverside Health Systems Achieved Meaningful Use Stage 1
- **May 23<sup>rd</sup>, 2011** - Internal Webcast by Peg Meadow
- **May 9<sup>th</sup>, 2011**- Internal Webcast by Dan Garen w/Replay on Value-Based Purchasing
- **May 2<sup>nd</sup>, 2011** – Dan Garen’s email on ACO Assessment and Context Healthcare USA Employee Communications
- **April 26<sup>th</sup>, 2011 James Field, The Advisory Board – New Regulations On Medicare Shared Services Part I**
- **February 1<sup>st</sup>, 2011**- James Field, The Advisory Board - Envisioning Future Healthcare Part II
- **January 24<sup>th</sup>, 2011** – James Field, The Advisory Board - Envisioning Future Healthcare Delivery Part I

# Comparing Pioneer ACO Model with SSP

## *Pioneer Geared Toward Providers Experienced at Managing Total Cost*

Parameter	Medicare Shared Savings Program	Pioneer ACO Model
Risk-Sharing Models	<ul style="list-style-type: none"> <li>Track 1: one-sided model for years 1 and 2, two-sided model in year 3</li> <li>Track 2: two-sided model for all three years</li> </ul>	<ul style="list-style-type: none"> <li>Two-sided model with escalating shared savings and losses; transitions to partially capitated population-based payment in year 3</li> <li>Soliciting suggestions for other payment models, to will be synthesized into second payment option available to all participants</li> </ul>
Cost Benchmark Calculation	Benchmark established using past expenditures of historical beneficiaries; updated annually based on projected growth in national per-capita expenditures, applied in absolute dollars	Benchmark established similarly to SSP <sup>1</sup> ; updated annually based on projected growth in national per-capita expenditures, applied in hybrid model of 50% absolute dollars, 50% percentage increase
Patient Assignment Model	Retrospective using claims from performance year, with prospective sharing of population data	ACOs have choice of retrospective model from SSP or prospective model using prior three years' utilization data; beneficiaries can "join" ACO
Required Participation of Other Purchasers	None proposed at this time	ACOs must have at least 50% of total revenues derived from outcomes-based contracts by December 31, 2013
Minimum Savings Rate	Based on number of beneficiaries in one-sided model; flat 2% in two-sided model	Flat rate of 1%
Minimum Number of Beneficiaries	5,000	15,000
Quality Requirements	65 metrics; reporting requirement in year 1, performance standards in subsequent years determine percentage of bonus received	Same as SSP

<sup>1</sup> Medicare Shared Savings Program.

Source: Center for Medicare and Medicaid Innovation; Health Care Advisory Board interviews and analysis.

**What has been the provider's reaction to the CMS MSSP?**

**What has been the payor's reaction to the CMS MSSP?**

## **Q&A – Industry Response 3 of 10**

**How many ACOs do you predict will sign up by January 1, 2012 or by July 1, 2012 to the MSSP in light of the industry's reaction?**

## **Q&A – Industry Response 4 of 10**

**How many ACOs do you predict to sign up for the new Pioneer ACO Model with their Letter of Intent by June 30th?**

## **Q&A – Industry Response 5 of 10**

**Industry experts have stated that the MSSP is too prescriptive which was done to discourage Medicare fraud. Should CMS instead implement more aggressive programs to address the fraud?**

## **Q&A – Industry Response 6 of 10**

**The industry reaction has also declared that the MSSP has very difficult targets to achieve and thus obtain shared savings. The AHA has even published results of their studies where they projected the actual monies an ACO would receive, which was minor in comparison to the cost of organizing and implementing an ACO. What is CMS' response?**

## Q&A – Industry Response 7 of 10

**Many providers have stated that they will not apply for the MSSP program unless the final rule is dramatically different than the proposed rule. However many providers and payers are actively planning the formation of a network or ACO like program. Can you comment on this activity with some examples?**

## **Q&A – Industry Response 8 of 10**

**What is the NCQA ACO Accreditation Program and where and how is it part of the MSSP?**

**"The National Committee for Quality Assurance, an accreditation firm in Washington, is on schedule to launch a new program in July to accredit accountable care organizations."**

## **Q&A – Industry Response 9 of 10**

**Is there any impact to the pharmaceutical industry with MSSP or ACO networks, in general?**

## **Q&A – Industry Response 10 of 10**

**For the most part, aren't only large clinics, hospitals and large multi-specialty organizations going to be able to accomplish becoming an ACO?**

**In the absence of an ACO program that attracts many takers, what are the key drivers for providers to begin the formation of an ACO “like” organization anyway? Do you see an organizational construct that could achieve the desired benefits without a CMS driven ACO program in place, rather just focusing on target outcome reporting?**

**There is quite a bit of scrutiny right now about the Shared Savings Program. Many feel that if the program is not changed dramatically, very few providers will participate in the program. How do you see CMS reacting and responding to this?**

**Separate from the Shared Savings Program, many providers are taking on more risk through agreements with private payers. Do you think the issues/concerns with the Shared Savings Program have an impact on this overall shift for providers taking on risk. What timeframe do you see this shift occurring?**

**What model (IDN, PHO, IPA, etc) will be the most prevalent ACO model?**

**Will the approach and infrastructure need be different if the ACO is led by an IPA or PHO?**

**In the first webcast on April 26th, you covered HCAB's Medical Home Innovation Project. Can you explain the difference between this Project and PCMHs (Patient Centered Medical Homes) and Health Homes?**

## **Q&A – MSSP Specifics 1 of 15**

**Is meeting quality an all or nothing proposition? If one quality metric scores below 30%, is an ACO completely shut out of shared savings, even though they may have scored quite well on everything else?**

## Q&A – MSSP Specifics 2 of 15

**Why do you consider a 2.4% threshold still to yield a "loss"? Since one has to demonstrate "savings" there is in that case no "loss", rather lower revenue against a reduced cost basis. Terminology is confusing, so does "losses" simply mean un-penalized extra revenue?**

## **Q&A – MSSP Specifics 3 of 15**

**Are you suggesting that if the provider has concerns about possible losses, they should not participate in MSSP because even if they may be o.k. in the one-sided model, in year three they would be subject to the loss sharing?**

## **Q&A – MSSP Specifics 4 of 15**

**At what point does an organization get back the 25% withhold?**

## **Q&A – MSSP Specifics 5 of 15**

**Is the 25% withhold calculated off of the initial 50 or 65% or is calculated against the adjusted amount based on the reduction following the quality metrics score?**

## **Q&A – MSSP Specifics 6 of 15**

**Why doesn't the MSR apply in the two-sided amount?  
Is this correct - I thought it applied in both cases...?**

## **Q&A – MSSP Specifics 7 of 15**

**Is the long term result that the only payments made to a physician will be if they are part of an ACO?**

## **Q&A – MSSP Specifics 8 of 15**

**It seems as if there will be incentive to reduce the radiology utilization and thus less work for radiologists. Is this accurate?**

## **Q&A – MSSP Specifics 9 of 15**

**Many hospitals are purchasing physician practices to be part of an ACO. Will their utilization be compared to the sum of the acquired entities' prior utilization?**

## **Q&A – MSSP Specifics 10 of 15**

**If the CMS bonus monies are paid out to the ACOs (but the top 70% of ACOs), how will the non-ACO entities be affected? Will there be less monies for them?**

## **Q&A – MSSP Specifics 11 of 15**

**Does reducing utilization based on the organization's past history of utilization mean that the overall billings to CMS will be the baseline?**

## **Q&A – MSSP Specifics 12 of 15**

**What is an organization's incentive to share their savings as opposed to keeping it for themselves?**

## **Q&A – MSSP Specifics 13 of 15**

**If a practice becomes an ACO and their patients can opt out, do they still care for those patients within the ACO practice?**

## **Q&A – MSSP Specifics 14 of 15**

**When does the ACO get the 25% money that CMS withholds? Is it each year or only after the 3 year program?**

## **Q&A – MSSP Specifics 15 of 15**

**How is CMS going to audit the ACOs on their attainment of the 65 quality measures?**

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