

ACO Accelerated Development Learning Session

San Francisco, CA
September 15-16, 2011

Case Study 2: Building an ACO on the Foundation of a Physician-Hospital Organization



September 15, 2011
9:20–9:40 a.m.

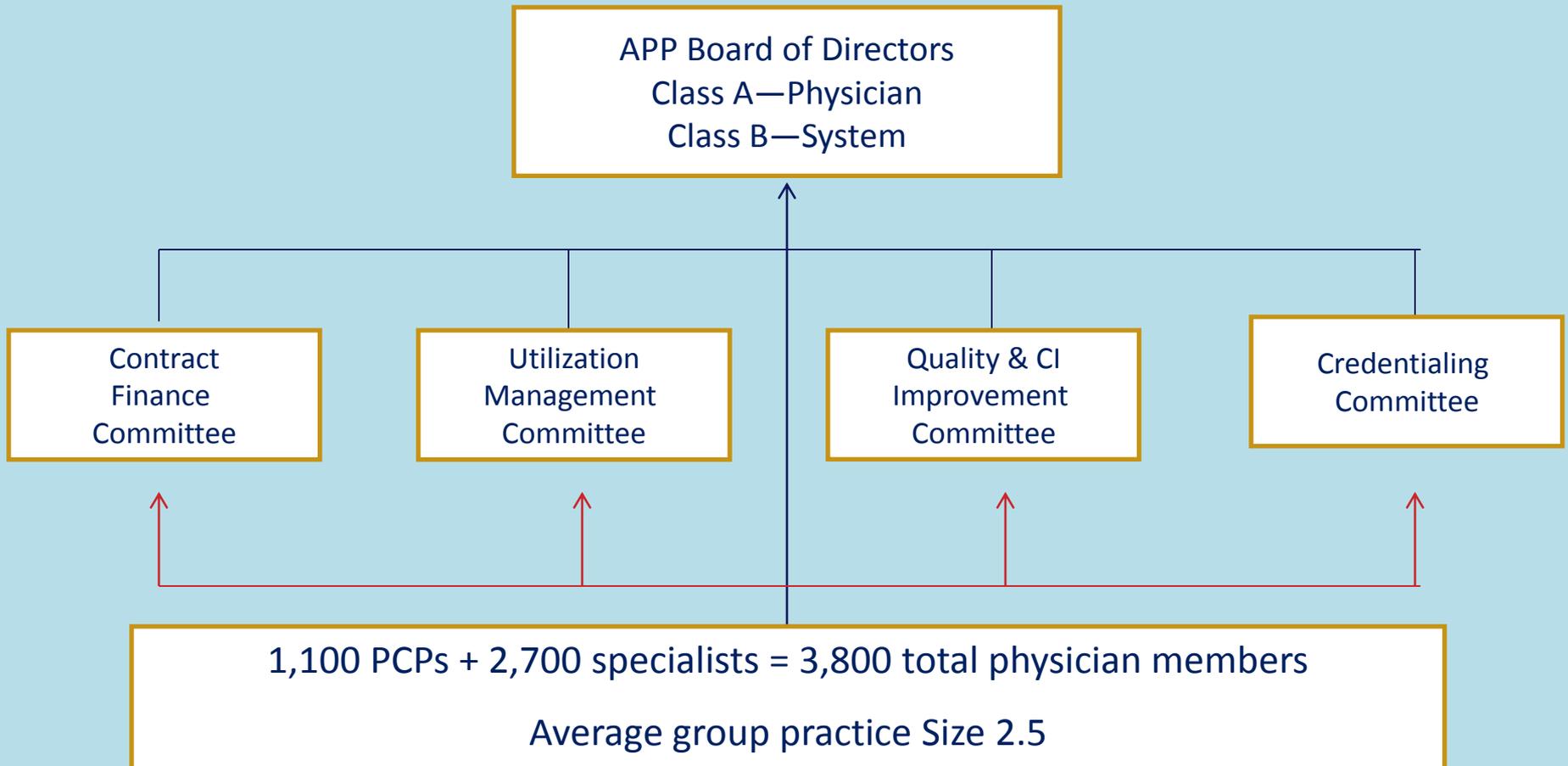
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Goals

- Create a value proposition for physicians
- Create a value proposition for hospitals/health systems
- Understand the value proposition for the community
- Create a structure and management processes that enhance value

APP Board and Committee Structure

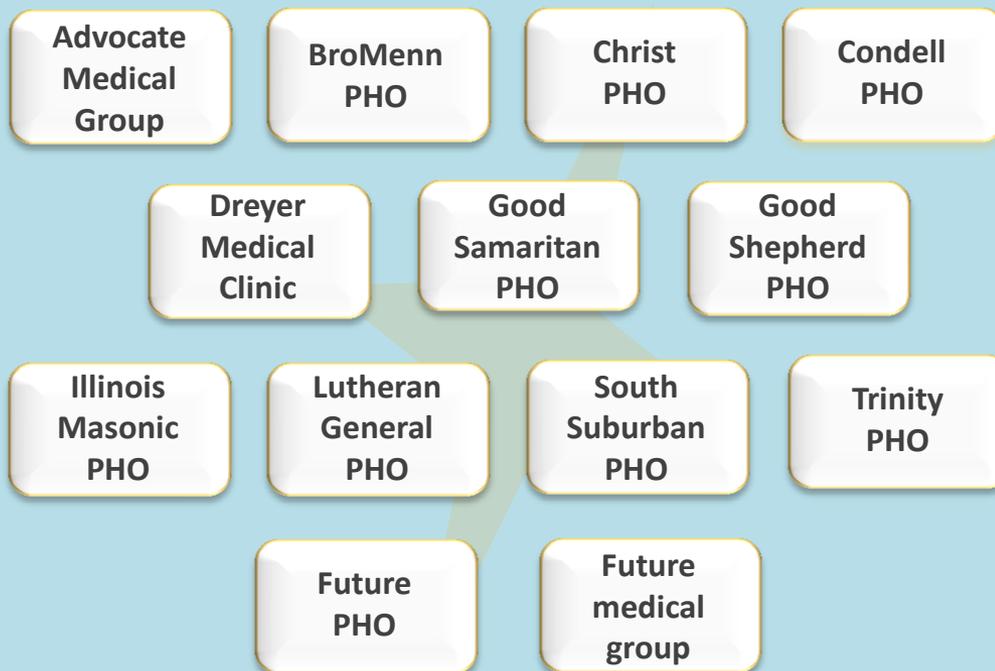


Clinical Integration: Definition

A **structured collaboration** among APP physicians and Advocate Hospitals on an **active** and **ongoing program** designed to **improve** the **quality** and **efficiency** of health care. Joint contracting with fee-for-service managed care organizations is a necessary component of this program in order to accelerate these improvements in health care delivery.

Advocate Physician Partners

The vision of APP is to be the leading care management and managed care contracting organization.



Management Structure

- Synergies with system leadership
- Operations
- Clinical integration
- Data/analytics
- Contracting
- Physician-hospital organization (PHO) directors
- Medical management
- Communications/business development

Value for Physicians

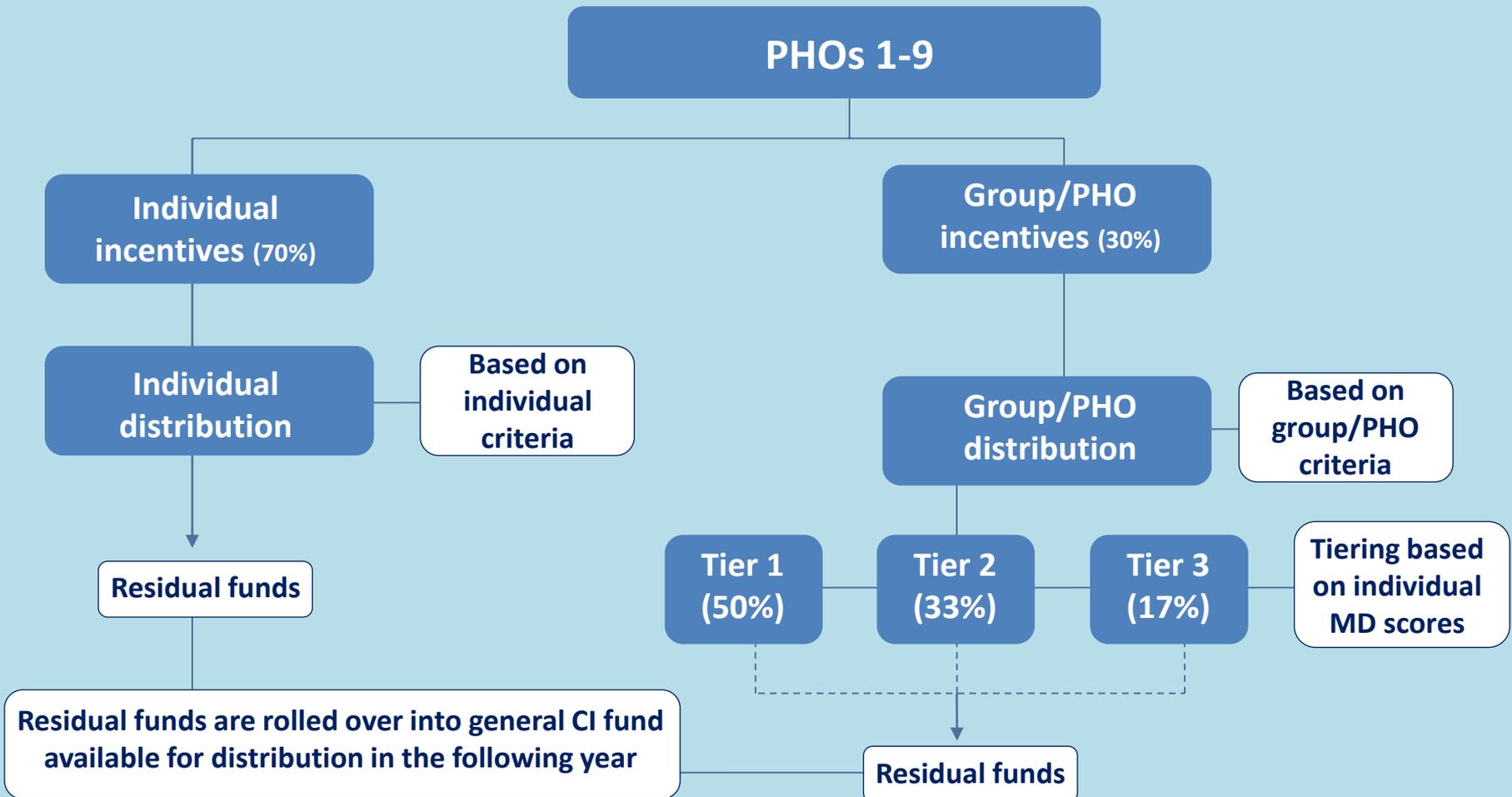
- Better alignment with hospital
- Marketplace recognition
- Focus on outcomes
- Incentives compensate for additional work
- Interface with multiple managed care organizations (MCOs)

Value for Hospitals



- Creates business partnership with key physicians
- Focuses physicians on hospital goals
 - Patient safety
 - Costs
- Strengthens loyalty
- Physicians drive clinical outcomes
- Positions for health care reform
 - ACOs
 - Readmission avoidance
 - Bundled payments

APP's Incentive Fund Design



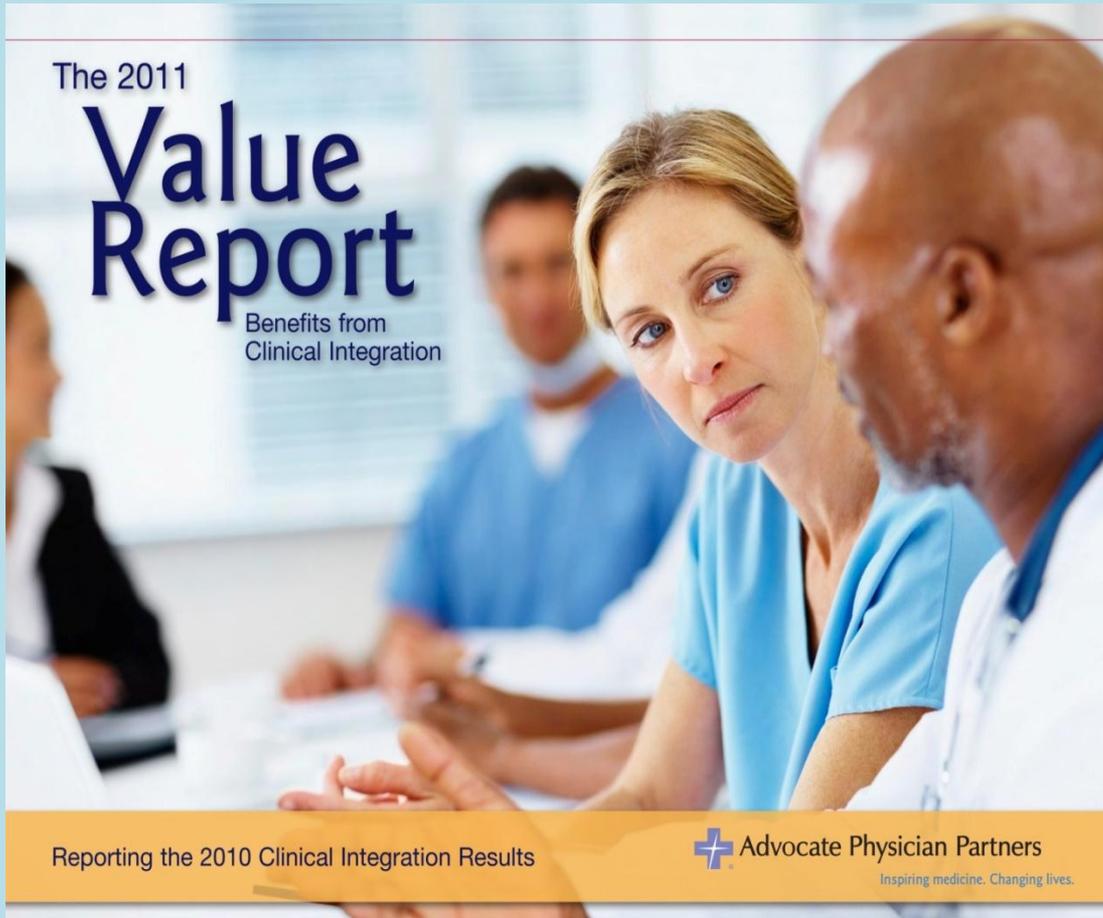
Aligning Physician and Hospital Incentives

- 2009
 - Computerized physician order entry (CPOE)
 - Core measures
- 2010
 - CPOE
 - Core measures
 - Readmissions
 - Length of stay
- 2011
 - Emergency department (ED) efficiency
 - Meaningful use
 - Core measures
 - Readmissions
 - Length of stay

Value for the Community

- Focus on clinical outcomes
- Demonstration of efficiencies
- Ongoing improvement
- Stable/cohesive network
- Measure and display results
- Led by physicians

2011 Value Report



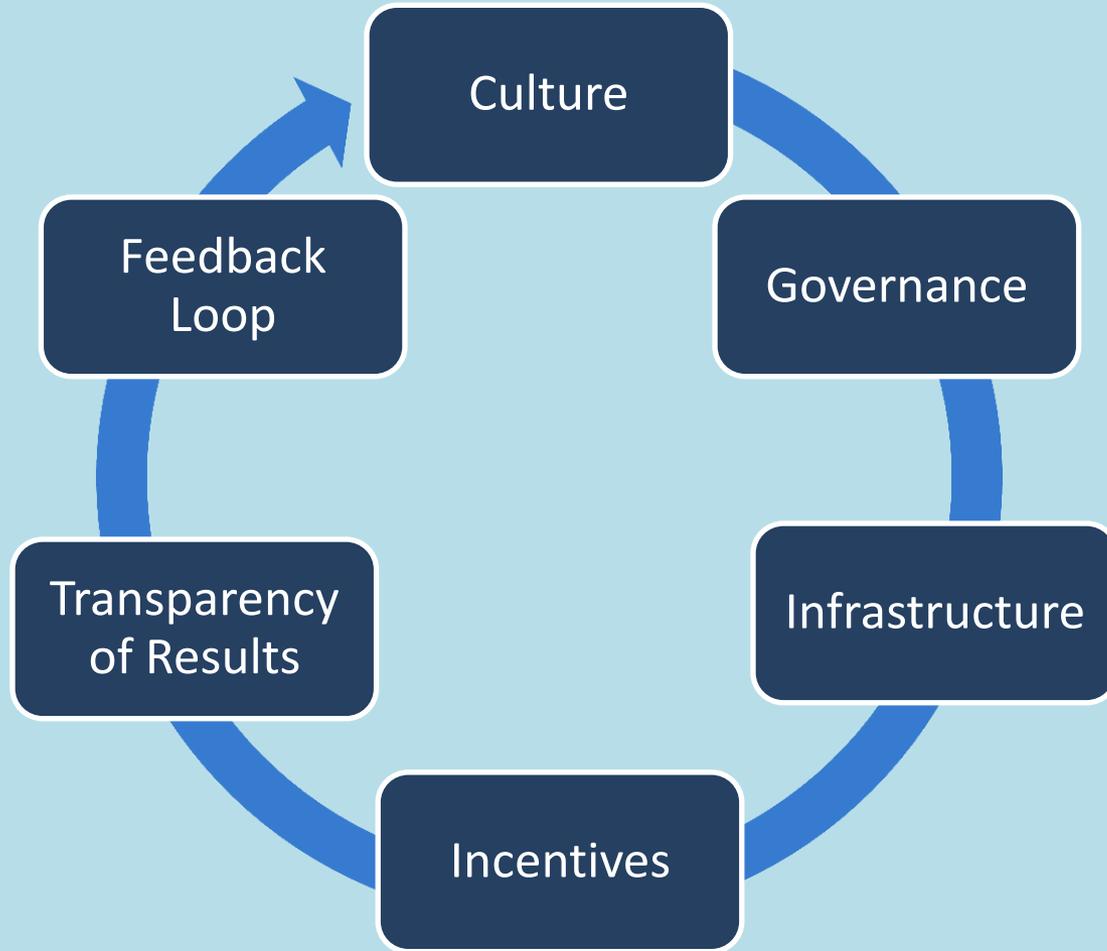
The 2011 Value Report

www.advocatehealth.com/app
or call 1-800-3-ADVOCATE
(1-800-323-8622)

Implications

- Need to reduce cost
- Inpatient hospital is biggest \$ opportunity
- Hospitals/health systems need integrated clinician partners
- Physicians need structure, capital, and infrastructure
- Capital markets see opportunity in health care reform
- Failure to figure it out threatens the mission

Key Drivers



Implementation Steps

- Convene a planning group with hospital and physician leaders
- Assess level of interest, trust, and market opportunity
- Create a common vision
- Create governance structure and business plan
- Test with broader physician constituency
- Hire management

Sample One-Year Timeline

Suggested Next Steps	Dates
Planning group	Month 1
Assess market, trust, interest	Months 2–3
Create a common vision	Month 4
Create governance structure and business plan	Months 5–6
Test with broader physician community	Months 7–9
Hire management team	Months 10–12
Go live—contract	Year Two

Tools and Resources

- Health Affairs article
A Model For Integrating Independent Physicians Into Accountable Care Organizations—Health Affairs, 30, no.1 (2011):161-172
<http://content.healthaffairs.org/content/30/1/161.full.html>
- HFMA article
Enhancing Quality is Good for Business
HFMA, Dec. 2010
- Kaufman Hall monograph
Getting to There from Here: Evolving to ACOs Through Clinical Integration Programs, Kaufman Hall

Tools and Resources *continued*

- Journal of Managed Care Pharmacy
Addition of Generic Medication Vouchers to a Pharmacist Academic Detailing Program: Effects on the Generic Dispensing Ratio in a Physician-Hospital Organization
Journal of Managed Care Pharmacy, July/August 2010
- Advocate Physician Partners 2011 Value Report
<http://www.advocatehealth.com/body.cfm?id=439>
- Proven Methods to Achieve High Payment for Performance
Journal of Medical Practice Management
- American Journal of Medical Quality
Physician-Hospital Integration—Market Trends, Health Reform Drive Closer Ties



Case Study 3: Building an ACO on the Foundation of a Physician-Hospital Organization

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