

ACO Accelerated Development Learning Session

San Francisco, CA
September 15-16, 2011

Case Study 3: Building an ACO on the Foundation of an Integrated Delivery System

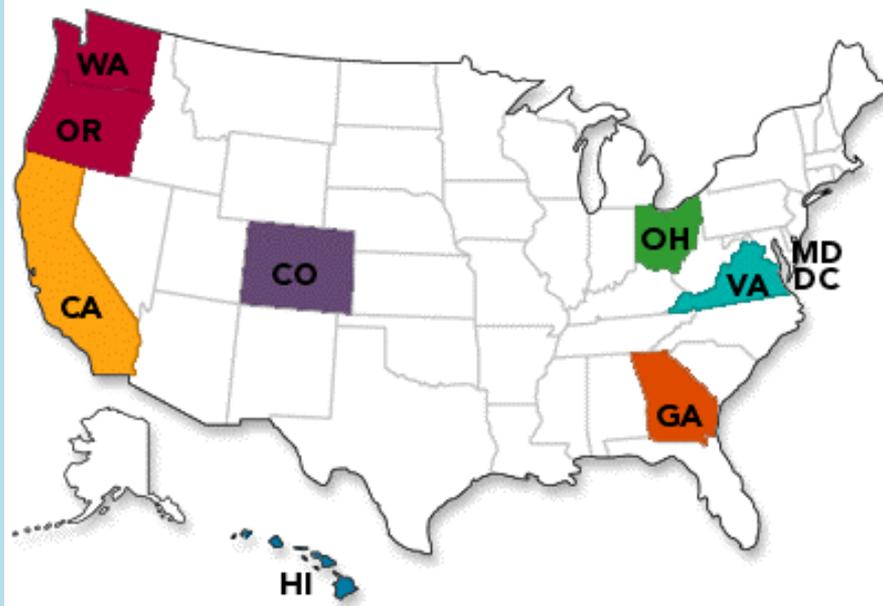


Date: September 15, 2011
Time: 10:00–10:20 a.m.

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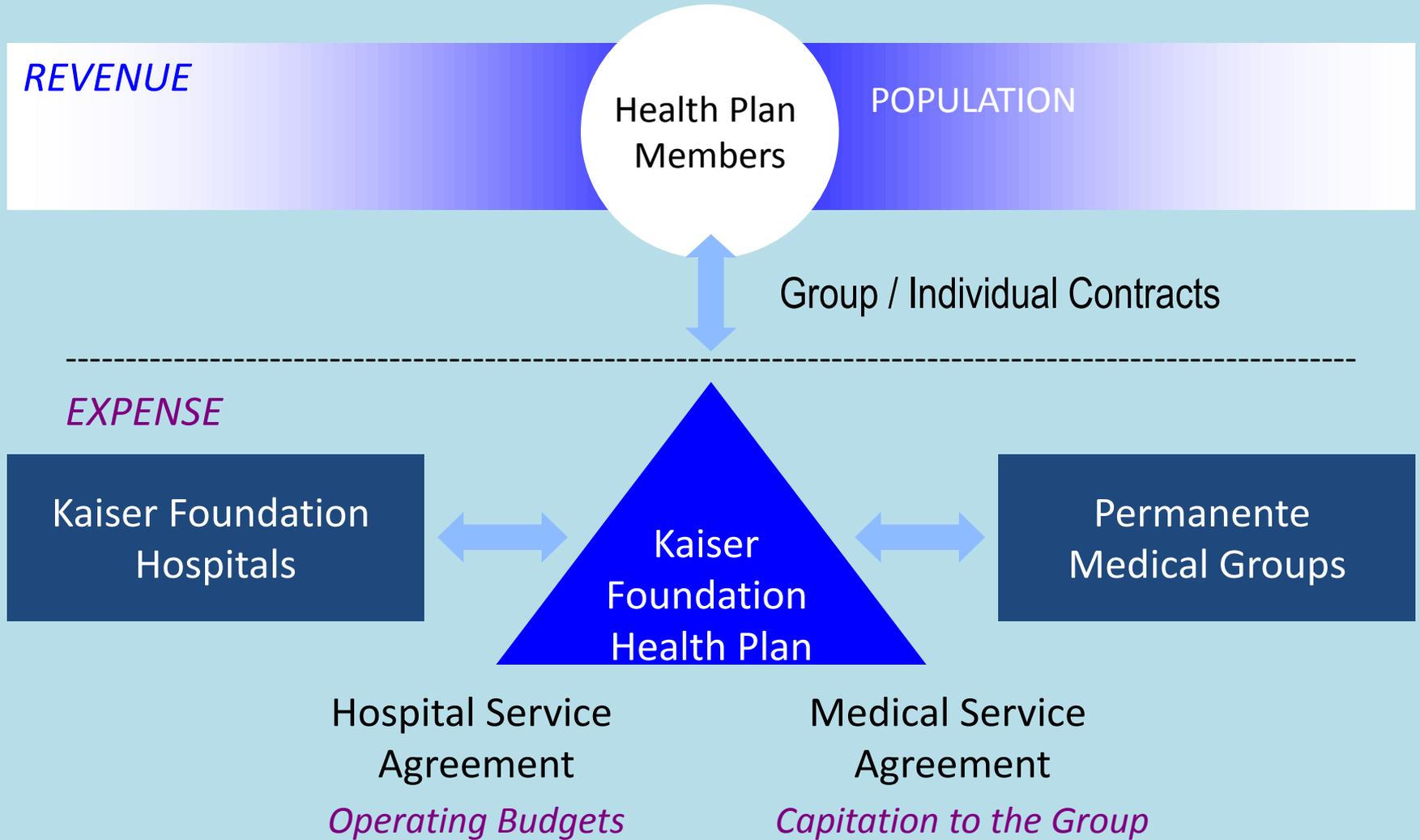
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America's Largest Nonprofit Health Care Organization



- Fully integrated health care delivery system
- 8.6 million members
- 15,000+ physicians
- 166,000 employees
- 8 regions serving 9 states and DC
- 35 hospitals and medical centers
- 441 medical offices
- 450,000 surgeries
- 85,000 deliveries
- \$45 billion annual revenue (2011)

Kaiser Permanente



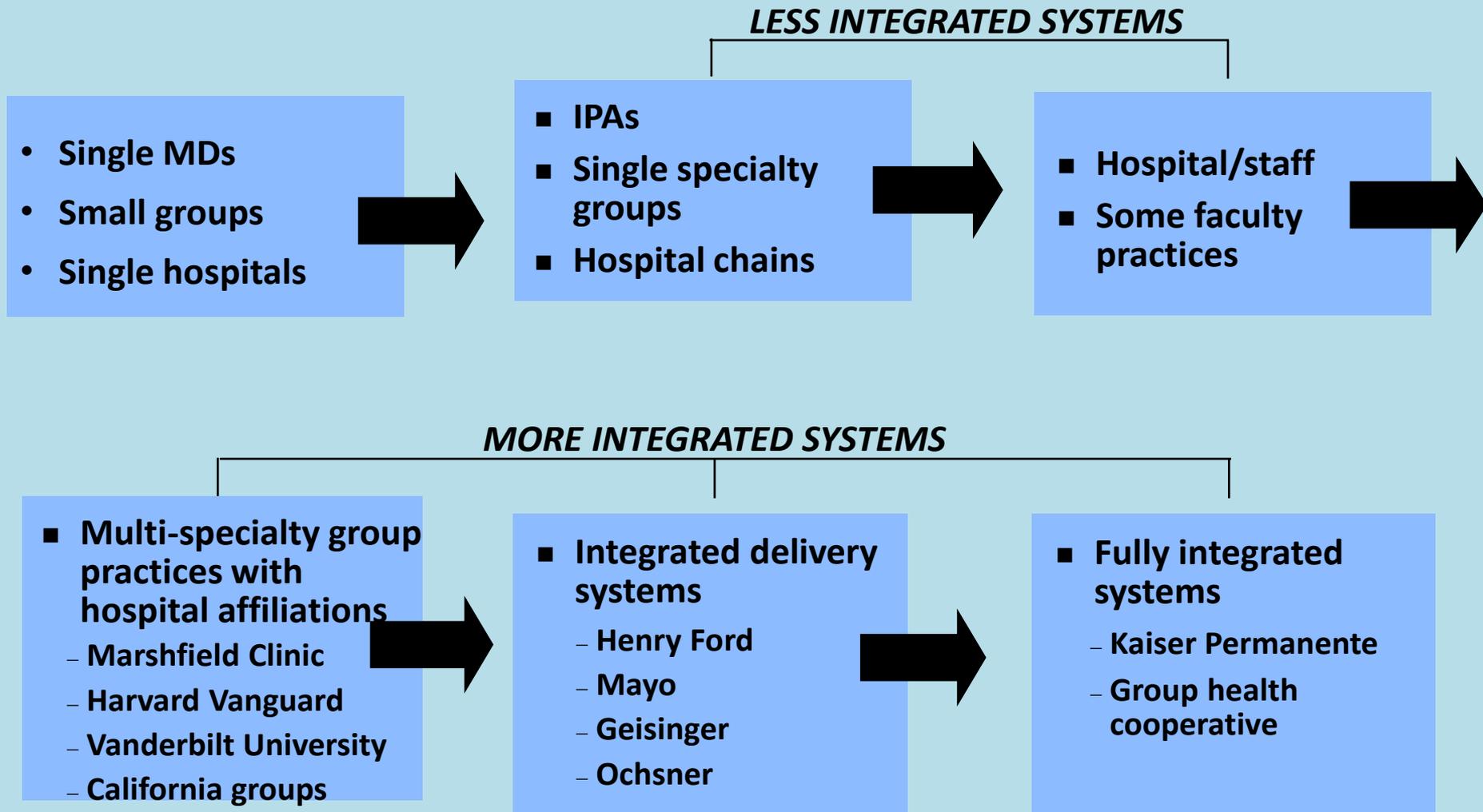
Kaiser Permanente Experience— Six Prerequisites for Success

- A common vision and sense of purpose
- Integration
- Trusted governance
- Physician leadership
- An effective management structure
- Aligned financial incentives

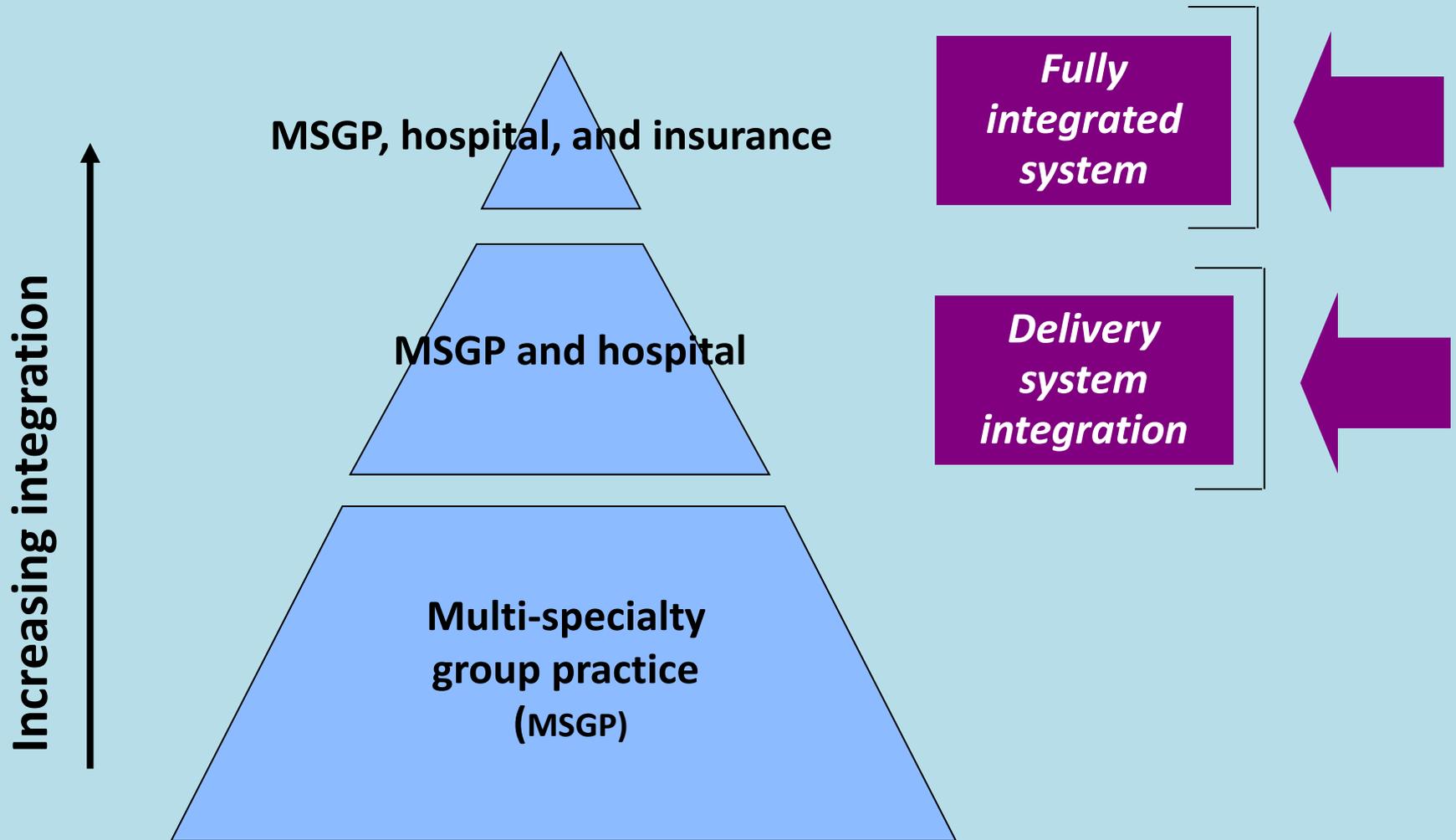
A Common Vision and Sense of Purpose

- Should be more than financial
- Should connect to quality of care and other professional values (the Physician Charter)
- Should contain a sense of common destiny and common responsibility for performance

Delivery of Care in the United States



Levels of Integration



Types of Integration

- Clinical—shared responsibility for quality
- Financial—shared responsibility for costs
- Functional—shared capabilities
- Structural—shared governance and management

Trusted Governance

- Principled
- Participatory
- Perceived as equitable
- Persistently focused on strategy

Physician Leadership

- Multi-level
- Multi-knowledgeable
- Selected, developed, and trained
- Supported by “followership”

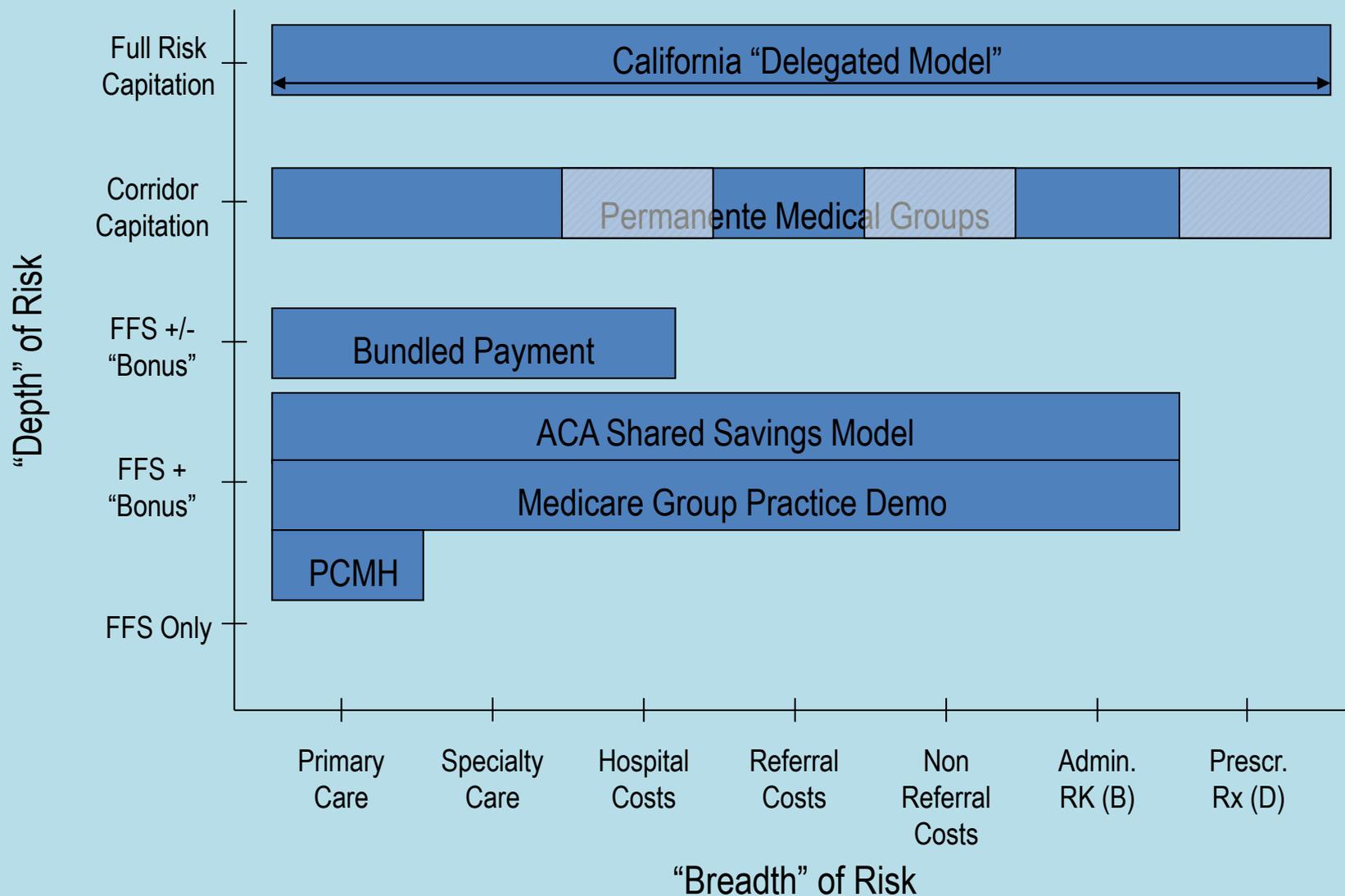
An Effective Management Structure

- Multi-level
- Matrixed (administrative and clinical)
- Supported by accurate and timely data
- Persistently focused on performance

Aligned Incentives

- Mission
- Quality
- Reputation
- Sustainability
- Career and professional enhancement
- Financial

A Schematic of ACO Risk Assumption



Tools and Resources

- Crosson, FJ, The Accountable Care Organization: Whatever Its Growing Pains, the Concept is Too Important to Fail, *Health Affairs* 30:7 (2011) 1250–1255
- *Partners in Health: How Physicians and Hospitals Can Be Accountable Together* (Crosson, F and Tollen, L, editors.) Jossey Bass (Wiley), San Francisco, 2010
- Kirch, DG, and Vernon, DJ, The Ethical Foundation of American Medicine: In Search of Social Justice, *JAMA* (2009) 301(14): 1482–1484
- Medical Professionalism in the New Millennium: A Physician Charter (2005), ABIMF, ACPF and EFIM



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