Applying Lessons from Two Years of a Commercial ACO to a Medicare Shared Savings Program

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Disclosure

• Nothing in today’s presentation should be construed as advising or encouraging any person to deal, refuse to deal or threaten to refuse to deal with any payer, or otherwise interfere with commerce

• Opinions expressed by speakers are their own
Learning Objectives

Participants will be able to:

• Understand challenges to commercial ACO development
• Understand infrastructure necessary to drive outcomes
• Describe key components of clinical integration that lead to success
• Understand challenges of Medicare Shared Savings
Presentation Topics

• Organizational Overview
• Governance
• Infrastructure
• Commercial ACO
• Medicare Shared Savings Program
• Results
• Lessons Learned
Advocate Health Care

- $4.9 Billion Annual Revenue
- AA Rated
- 11 Acute Care Hospitals
  - 1 Children’s Hospital
  - 5 Level 1 Trauma Centers
  - 4 Major Teaching Hospitals
  - 4 Magnet Designations
- Over 250 Sites of Care
  - Advocate Medical Group
  - Dreyer Medical Clinic
  - Occupational Health
  - Imaging Centers
  - Immediate Care Centers
  - Surgery Centers
  - Home Health / Hospice
ADVOCATE 2020

Mission, Values, Philosophy

To be a faith-based system providing the best health outcomes and building lifelong relationships with the people we serve

- Advocate Experience
  - Safety Quality Service

- Access and Affordability
  - Growth Funding our Future

- AdvocateCare
  - Coordinated Care

Strong Physician Engagement
Advocate’s Physician Platform

Total Physicians on Medical Staffs = 6,007

Total APP Physicians = 3,974

Employed / Affiliated = 987

Independent APP = 2,987

Independent Non-APP = 2,033

AMG (Employed) = 815

Affiliated (Dreyer) = 172
Advocate Physician Partners

**Vision**
To be a faith-based system providing the best health outcomes and building lifelong relationships with those we serve.

**Our Role**
To drive improvement in health outcomes, care coordination and value creation through an innovative and collaborative partnership with our physicians and the Advocate system.
More Than 100 Physicians Involved in APP Governance

APP Board of Directors
Class A - Physicians
Class B - Advocate

PHO Boards

Contract Finance Committee
Utilization Management Committee
Credentialing Committee
Quality & CI Improvement Committee
Audit Committee

Pharmacy & Therapeutics Committee
Clinical Integration Measures Committee
Advocate Physician Partners

Driving improvement in health outcomes, care coordination and value creation through an innovative and collaborative partnership with our physicians and the Advocate system.

- Good Samaritan PHO
- Christ PHO
- South Suburban PHO
- Trinity PHO
- Illinois Masonic PHO
- Lutheran General PHO
- Dreyer Medical Clinic
- Advocate Medical Group
- Condell PHO
- Future PHO
- Future Medical Group
- BroMenn PHO
- Good Shepherd PHO
# Value Based Agreements

<table>
<thead>
<tr>
<th>Contract</th>
<th>Lives</th>
<th>Total Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Cross</td>
<td>380,000</td>
<td>$1.8 B</td>
</tr>
<tr>
<td>Medicare Advantage</td>
<td>32,000</td>
<td>$0.3 B</td>
</tr>
<tr>
<td>Advocate Employee</td>
<td>21,000</td>
<td>$0.1 B</td>
</tr>
<tr>
<td>Medicare ACO</td>
<td>106,000</td>
<td>$1.2 B</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>539,000</td>
<td><strong>$3.4 B</strong></td>
</tr>
</tbody>
</table>
What Clinical Integration Looks Like

Jane Smith, Patient with Diabetes

Primary Care Physician • OB-GYN • Endocrinologist

APP Data Warehouse and Disease Registries

OB-GYN

Mammography

Endocrinologist

Lab Test Results

Pharmacy
CIRRIS Infrastructure Data Inputs

APP DATA WAREHOUSE

- Hospitals
- Primary Care Physicians
- Specialists & Ancillary Providers
- Web Based Administrative Data Inputs
- EMRs
- National & Regional Labs
- Pharmacy Benefit Managers
- Health Plans
- Medicare Intermediary
- Hospital & Physician Office Labs

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Data Populates Disease & Preventive Care Registries

- Acute and Chronic Cardiovascular Diseases
- Breast, Cervical, & Colorectal Preventive Care
- Smoking, BMI, BP Clinical Observations
- Childhood Flu Immunizations
- Generic Prescribing Efficiency
- Diabetes and Other Chronic Diseases
- Seamlessly View Patients Across Registries
- Employer & Population Management
Information Technology

- Inpatient-CareConnection
- Advocate Medical Group-CliniCare
- APP Independents-SynAPPs
- Advocate at Home
- Registries-CIRRIS
- Physician Portal
- Enterprise Data Warehouse
IT Solutions for Population Health Management

• IT Applications
  – Risk stratification
  – Care management workflow and patient documentation
  – Web-based data warehouse and reporting
Creating a Culture of Engaged Physicians

• Physician engagement in governance
• Physician leadership development
• Shared identity and values → “Membership”
• Infrastructure investment to enable success
• Appeal to pride and sense of excellence
  – Recognition for quality and efficiency
  – Consistent use of evidence-based medicine
  – Power of the outcomes of the group
Clinical Integration 4.0: Increasing Physician/System Integration

- **Early Years:** 2004 - 2006
  - Primary Care/Ambulatory Measures
  - Increasing Specialist Measures

- **Middle Years:** 2007 - 2009
  - Increasing Physician/System Integration

- **Maturing Years:** 2010 - 2011
  - Clinical Integration to Accountable Care

- **Health Reform:** 2012 -
<table>
<thead>
<tr>
<th>Year</th>
<th>Advancement</th>
</tr>
</thead>
</table>
| 2004 | High Speed Internet Access in Physician Offices  
      Centralized Longitudinal Registries  
      Electronic Referral Management Application/Clinical Decision Support for HMO  
      Access to Hospital, Lab and Diagnostic Test Information Through a Centralized Clinical Data Repository (Care Net and Care Connection) |
| 2005 | Electronic Data Interchange (EDI) |
| 2006 | Computerized Physician Order Entry (CPOE)  
      Electronic Medical Record Roll Out in Employed Groups |
| 2007 | Electronic Intensive Care Unit (eICU) Use |
| 2008 | e-Prescribing |
| 2009 | Web-based Point of Care Integrated Registries (CIRRIS) |
| 2010 | e-Learning Physician Continuing Education  
      Electronic Medical Records Roll Out in Independent Practices |
| 2011 | Care Management Software Plus Analytics |
| 2012 | Electronic Referral Management Application/Clinical Decision Support for PPO |
## Advancing Evidence-Based Medicine and Care

<table>
<thead>
<tr>
<th>Year</th>
<th>Programs</th>
</tr>
</thead>
</table>
| 2004 | Physician Reminders for Care  
      | Chart Based Patient Management |
| 2006 | Patient Outreach |
| 2007 | Physician Office Staff Training  
      | Pharmacy Academic Detailing Program  
      | Generic Voucher Program |
| 2008 | Diabetes Collaborative  
      | Patient Coaching Program  
      | Hospitalists |
| 2009 | Diabetes Wellness Clinics  
      | Asthma and HF/CAD Collaborative |
| 2011 | Access and COPD Collaborative |
| 2012 | Patient Experience CME and Coaching  
      | Practice Coaching (Data Sharing) |
## Strategy for Transparency

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>External via Annual Value Report</td>
</tr>
<tr>
<td></td>
<td>Internal via Annual Value Report and Organizational Level Reporting</td>
</tr>
<tr>
<td>Year 2</td>
<td>Blinded Comparative Overall Organizational Level Reporting</td>
</tr>
<tr>
<td>Year 3</td>
<td>Blinded Comparative Overall Physician Level Reporting with Outstanding Physician Performance Recognition</td>
</tr>
<tr>
<td>Year 4</td>
<td>Unblinded Overall Physician Scores within Metrics</td>
</tr>
<tr>
<td>Year 5</td>
<td>Unblinded Across All Organizations and Physicians</td>
</tr>
</tbody>
</table>
Mechanisms to Increase Compliance

- APP QI/Credentials Committee
- Membership criteria
- Peer pressure/local medical director
- Mandatory provider education/CME
- Physician’s office staff training
- Financial incentives/report cards
- Targeted programs
Initial Changes from CI to ACO

- Enterprise Care Management
- Population Management IS
- Post Acute Programs
Decrease Number of Distribution Components as Part of CI Simplification

• **Current State**

<table>
<thead>
<tr>
<th>Distribution Components</th>
<th>PCP</th>
<th>Specialist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional CI</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Value Measures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disease Registry</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Inpatient Performance</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>In Network Surgical Coordination</td>
<td></td>
<td>Y</td>
</tr>
</tbody>
</table>

• **Future State**

<table>
<thead>
<tr>
<th>Distribution Components</th>
<th>PCP</th>
<th>Specialist</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCP CI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialist CI</td>
<td></td>
<td>Y</td>
</tr>
</tbody>
</table>
2013 APP Incentive Design

Minus Infrastructure Costs, Deficits and 120% Fee Schedule

- PCP CI Value Pool
- Specialist CI Value Pool
- Hospital Value Pool
Change in Incentive Distribution

• Increase relationship between value contribution and incentive distribution
  – Continue transition from pay-for-performance

• Value contribution has several key components
  – CI Score
  – Care coordination
  – Number of patients managed
APP’s PCP Incentive Fund Design

APP Primary Care Physicians

Tiers Based on Individual Physician CI & Care Coordination* Scores

Tier 1 PMPM Individual Physician Opportunity (120% of Tier 2)

Tier 2 PMPM Individual Physician Opportunity

Tier 3 PMPM Individual Physician Opportunity (80% of Tier 2)

Distributed Based on Individual CI Score

Distributed Based on Group/PHO CI Score

Individual Opportunity (70%)

Group/PHO Opportunity (30%)

Individual Distribution

Group/PHO Distribution

Individual Physician Total Distribution

Residual Funds from Individual Portion

Residual Funds from Group/PHO Portion

Residual Funds Are Rolled Over Into General CI Fund and Available for Distribution the Following Year

Care Coordination Includes Percent In-Network Admissions and Care Management Engagement Factor
APP’s Specialist Incentive Fund Design

APP Specialist Physicians

Tiers Based on Unique AdvocateCare Patient for 5 Specialties* in 2013

Tier 1 Individual Physician Opportunity (120% of Tier 2)

Distributed Based on Individual CI Score

Distributed Based on Group/PHO CI Score

Individual Opportunity (70%)

Group/PHO Opportunity (30%)

Tier 2 Individual Physician Opportunity

Individual Distribution

Group/PHO Distribution

Tier 3 Individual Physician Opportunity (80% of Tier 2)

Residual Funds from Individual Portion

Residual Funds from Group/PHO Portion

Individual Physician Total Distribution

* 5 Tiered Specialties: OB/GYN, Cardiology, Orthopedic Surgery, Hematology/Oncology and Hospitalists

Residual Funds Are Rolled Over Into General CI Fund and Available for Distribution the Following Year

[Diagram: Flowchart showing the distribution of funds based on individual and group/PHO performance, with tiers and percentages for individual and group/PHO opportunities.]
## Attributed Patient Cost Concentration
Supports Care Management Model

<table>
<thead>
<tr>
<th>Categories</th>
<th>Person Years</th>
<th>Predicted Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Very Low Risk</td>
<td>54,398</td>
<td>30.5%</td>
</tr>
<tr>
<td>Low Risk</td>
<td>78,520</td>
<td>44.1%</td>
</tr>
<tr>
<td>Moderate Risk</td>
<td>24,906</td>
<td>14.0%</td>
</tr>
<tr>
<td>High Risk</td>
<td>16,056</td>
<td>9.0%</td>
</tr>
<tr>
<td>Very High Risk</td>
<td>4,270</td>
<td>2.4%</td>
</tr>
<tr>
<td>Total</td>
<td>178,149</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
## Population Management

**Performance Period August 2011 – July 2012 Commercial Only**

<table>
<thead>
<tr>
<th></th>
<th>Average Membership</th>
<th>ER Visits/1000</th>
<th>Admits/1000</th>
<th>LOS</th>
<th>Readmissions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>System</strong></td>
<td>447,976</td>
<td>186.6</td>
<td>64.0</td>
<td>3.7</td>
<td>6.4%</td>
</tr>
<tr>
<td><strong>Identified High Cost Population</strong></td>
<td>11,386</td>
<td>707.3</td>
<td>500.7</td>
<td>4.8</td>
<td>14.6%</td>
</tr>
<tr>
<td><strong>Non High Cost Population</strong></td>
<td>436,590</td>
<td>173.0</td>
<td>52.6</td>
<td>3.4</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>High Cost Population % of Total Services</th>
<th>2.5%</th>
<th>9.6%  (ER Visits)</th>
<th>19.9% (Admits)</th>
<th>25.8% (Days)</th>
<th>45.2% (Readmissions)</th>
</tr>
</thead>
</table>
# Impact of Benefit Plan Design

**Performance Period: September 2011 – August 2012**

<table>
<thead>
<tr>
<th>Plan</th>
<th>Average Membership</th>
<th>Membership % of Total</th>
<th>ER Visits/1000</th>
<th>Admits/1000</th>
<th>LOS</th>
<th>Readmissions</th>
<th>Care Coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall HMO</td>
<td>193,080</td>
<td>--</td>
<td>185.0</td>
<td>68.8</td>
<td>3.65</td>
<td>6.72%</td>
<td>80.3%</td>
</tr>
<tr>
<td>Commercial ACO</td>
<td>269,368</td>
<td>99.3%</td>
<td>182.2</td>
<td>67.2</td>
<td>3.60</td>
<td>7.33%</td>
<td>44.7%</td>
</tr>
<tr>
<td>Employee EPO</td>
<td>1,897</td>
<td>0.7%</td>
<td>108.1</td>
<td>44.8</td>
<td>3.41</td>
<td>2.35%</td>
<td>89.7%</td>
</tr>
</tbody>
</table>

**Key Takeaways:**
- Advocate Centered plans have lower utilization across all performance measures and have higher % Advocate Acute Days
Changes Specific to MSSP

• Governance
• New physician participation agreements
• Operating without data
• Post acute grows in importance
• Palliative care
• Advance directives
2013 Measures Of Success

AdvocateCare Index

- Length of stay
- Admits/1000
- ED Visits/1000
- 30 day readmissions
- % days in-network
Some Key Issues to Address

• Improving PCP access
• Reducing avoidable admissions
• Intensive outpatient management
• Achieving “Hospitalism”
• Affecting “Perfect Transitions”
• Increasing alignment with independent physicians
• Real time clinical decision support
Implications for Primary Care

• Renaissance of Primary Care
• Appropriate incentive structures
  – Access/avoidance of ER
  – Medical Home
  – Managing ambulatory sensitive conditions
  – Admission rates & LOS
  – Readmissions
  – Specialist & ancillary efficiency
• Greater alignment with single system
Implications for Specialists

• Specialists are *Integral* to success
• Structures needed to unlock creativity
• “*Pay for Work Done*” will work for you
• Greater transparency around efficiency
• In-network care strategy will work for you
• Efficacious specialists will thrive
Implications for IDNs

• Communicating a complex message
  – Management & Physicians

• Building a climate of trust

• Ensuring physician access (both employed & independent)

• Less volume from existing sources

• “Re-purposing” parts of the enterprise
  – Business Development, Physician Relations, UM, Operations Management
  – Refocus on in-network care and marketing to physicians
  – Hospitals re-energizing business development teams to sell benefits of in-network care to physicians
  – Partner with physicians to enhance care
Implementing ACOs: 10 Mistakes

*Singer and Shortell, JAMA, 8/9/11*

**Overestimate organization capabilities**
- Manage risk
- EHR
- Performance Measures
- Implement Protocols

**Failure to engage stakeholders**
- Balanced governance
- Engage patients
- Specialist selection and engagement
- Regulations/Legal
- Integrate Beyond Structures

**Failure to recognize interdependencies**
- Address all of above
## BCBS PPO Jan-June 2012 vs Jan-June 2011

<table>
<thead>
<tr>
<th>Utilization Metrics (PPO)</th>
<th>AdvocateCare</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inpatient</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admit Rate (Admit Rate/1000)</td>
<td>(6.0%)</td>
<td>(.3%)</td>
</tr>
<tr>
<td>Length of Stay</td>
<td>(2.9%)</td>
<td>.5%</td>
</tr>
<tr>
<td>Days/1000</td>
<td>(8.7%)</td>
<td>.2%</td>
</tr>
<tr>
<td>Readmits</td>
<td>2.7%</td>
<td>3.8%</td>
</tr>
<tr>
<td><strong>Outpatient</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ED Cases/1000</td>
<td>4.1%</td>
<td>4.4%</td>
</tr>
<tr>
<td>OP Surgery/1000</td>
<td>(1.4%)</td>
<td>1.9%</td>
</tr>
<tr>
<td>OP Other/1000</td>
<td>.4%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Advance Imaging</td>
<td>2.7%</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Professional</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office E&amp;M/1000 (procedures/1000)</td>
<td>(2.9%)</td>
<td>(1.4%)</td>
</tr>
<tr>
<td><strong>Pharmacy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prescriptions/1000</td>
<td>(4.1%)</td>
<td>(1.0%)</td>
</tr>
<tr>
<td>Prescription pmpm</td>
<td>1.8%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>
Quality Improvement in ACO

• With growth of Shared Savings and Full-Risk Programs, thousands more patients tracked for outcomes in 2011 and 2012

• Despite this, most outcomes improved or maintained very high level of performance

• Reported data covers all APP patients in Clinical Integration, Shared Savings and Risk Programs
Population Wellness Cancer Screening Measures

- Mammography Screening (>= 50%)
- Colorectal Cancer Screening (>= 45%)
- Cervical Cancer Screening (>= 50%)

<table>
<thead>
<tr>
<th>Measure</th>
<th>2010 YE Overall APP</th>
<th>2011 YE Overall APP</th>
<th>2012 YE Overall APP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mammography Screening</td>
<td>75%</td>
<td>79%</td>
<td>78%</td>
</tr>
<tr>
<td>Colorectal Cancer Screening</td>
<td>62%</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>Cervical Cancer Screening</td>
<td>50%</td>
<td>79%</td>
<td>67%</td>
</tr>
</tbody>
</table>
Childhood Immunization

% Immunized

- 89% (2010 YE Overall APP)
- 83% (2011 YE Overall APP)
- 87% (2012 YE Overall APP)

Childhood Immunization (>= 80%)
Sequence of Impact

- Quality metrics (6 months)
- LOS (first 6-12 months)
- In-network care (6-24 months)
- Readmissions (12-24 months)
- Admissions/1000 (12-24 months)
- Patient experience (18-36 months)
- ER visits/1000 (24-36 months)
Lessons Learned

• Commercial PPO and Medicare lack benefit plan design to create alignment by patients with the ACO

• Timely and accurate data is critical

• Communication to the caregivers, focused messages and actionable items drive change

• Getting critical mass of “attributable” patients in a practice and across a system is integral for success
Lessons Learned con’t

• MSSP can facilitate getting past the “tipping point” of critical mass
• A “locked cohort” of attributable commercial patients will be easier to manage and drive results
• Having same attribution logic across all payers in market will facilitate adoption
• This is an evolution that takes time
Key Drivers

- Culture
- Governance
- Infrastructure
- Incentives
- Transparency of Results
- Feedback Loop
2012 Value Report

To download a copy of the 2012 Value Report, go to: advocatehealth.com/valuereport
(2013 Report will be available in April.)
QUESTIONS