

Considerations for Minnesota's Implementation of Accountable Care Organizations

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Key considerations

- Review and integrate lessons from related MN experiences (e.g. capitation backlash in the late-1980s, Patient Choice)
- Continuing a cross-payer strategy similar to the HCH and peer grouping initiatives is a critical success factor
- Develop integrated modules of risk and reward that can be implemented commensurate with an ACO's readiness to change its practice and its size and scope of services (e.g., bundled inpatient and post acute care and total ambulatory care plus avoidable inpatient and ED costs)

Key considerations (Cont.)

- Establish transitional phases that build out from initial objective of reducing avoidable re-admissions to total care accountability and from shared savings to performance-based episode or comprehensive care payments
- Recognize in ACO selection criteria that health care homes (advanced primary care) are key to long-term savings and HCH certification be a requirement for ACO approval

Key considerations (Cont.)

- Measures and Methods:
 - Risk adjustment methods much improved and further improvements in the near future will facilitate distinguishing performance risk from insurance risk
 - NQF may soon endorse overuse measures to enhance ability to directly measure provider efficiency
 - Minnesota Quality Measurement Initiative is state of the art and can support ACO performance measurement just as it is being aimed at supporting health care home performance measurement
 - Align measures for attribution and for computing expected costs as closely as possible with peer grouping methods

Key considerations (Cont.)

- Continue to align where possible with Medicare payment reform initiatives
 - Pay-for Performance:
 - Reduced payments to hospitals, including critical access, with higher than-expected readmission rates for selected conditions - Effective FY 2012
 - Extend Hospital Compare and Physician Quality Reporting Initiative
 - Bundled payment: ACE Demonstration expansion of Part A and B bundled payments for selected inpatient and 30 day post-acute care episodes - Effective January 1, 2011
 - ACOs: Medicare shared savings , Medicaid ACO demonstration, and others - Effective January 1, 2012