

**ACOs**  
Recognizing the Opportunity



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**ACOs: A Fast Growing Reality**

- The goal of an ACO is to encourage physicians and hospitals to coordinate care by holding them jointly responsible for the quality and the cost of care.

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**An ACO** can bring together any number of unrelated entities – primary care practices, hospitals, ASCs, diagnostics, home care, pharmacies – to oversee and coordinate care for a defined population of patients.

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At its core, an ACO attempts to gain the benefits of an integrated delivery system (such as Kaiser) without the restrictions of common ownership or physical facilities.

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### CMS Press Release, January 2013

“Doctor’s and health care providers have formed 106 new ACOs in Medicare, ensuring as many as 4 million Medicare beneficiaries now have access to high-quality, coordinated care across the United States”.

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### ACOs and Commercial Payers

The ACO model has also captured the attention of commercial payers. Rather than wait for the results of the CMS pilots, they are partnering with physician groups and hospitals to launch ACOs that cover their members.

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### Shared Savings = Potential \$

While reimbursement models are still being defined, all ACOs use a “shared savings” approach to motivate participants to coordinate care and lower costs.

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**Hurdles:** The ASC must be prepared to meet certain requirements to contract with or participate in an ACO.

Similar to Clinically Integrated Networks (CINs) being formed by physicians.

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### Hurdle: Legal Structure

- A legal structure that allows the receipt and distribution of bonuses to providers

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### Hurdle: Common Leadership

- A common leadership or management structure that has decision-making authority for the organization

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### Hurdle: Information Systems

- A common information system (or a way to gather information into a common platform). This could include a health information exchange that enables participants to leverage existing information systems and to exchange data across locations.

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### Hurdle: Quality Reporting

- A defined process to promote care quality, report on costs and report on outcomes.

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### Options for ASCs to Participate

- Local / General
- Wide / Specific

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### Local / General

- One or more ASCs would form an integrated network with other geographically related providers (imaging, therapy, specialty physician groups, hospital) while meeting the requirements detailed above.
- The ASC would negotiate internally within the organization for rates and shared saving dollars.

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### Local / General

- Advantages
  - working with known providers
  - understanding of the local market
  - easier implementation of communication and system integration.
- Disadvantages
  - lack of leverage with other providers (hospitals, physician groups) in the same organization,
  - lack of control
  - limited market revenue

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## Wide / Specific

- A group of independent ASCs form an organization to cover a broad geographic territory
- Bid on all ACO contracts within that territory

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## Wide / Specific

- Advantages:
  - rate and marketing leverage,
  - contracting benefits (wider area covered),
  - Possible overall higher reimbursements.
- Disadvantages:
  - incremental complexity in developing a wider organization with the inherent governance and control issues

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## Summary

- ACOs are here to stay
- Could capture a significant portion of the healthcare dollar
- ASCs should recognize the opportunity and evaluate the gain of participating in either a local or wide network.

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