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## Being held accountable with healthcare

By **Melanie Evans / HITS staff writer**  
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Health information technology is playing a role in the development of accountable care organizations, which are networks that under the new healthcare reform law would contract to manage care and curb spending for a specific group of patients.

Under the law, Congress gave Medicare leeway to give healthcare providers that hold back Medicare spending a share of any accountable care organization savings as long as they reach quality and cost-control targets. Federal officials must settle several key details before Medicare begins to make such payments in 2012 under the health reform law.

In the private market, insurers and hospitals are grappling to devise ways to project spending and potential savings and award incentives through such organizations without running afoul of laws that prohibit physician self-referral and collusion or state insurance regulators. Hospitals also are dealing with thorny issues related to information technology.

In California, Blue Shield of California; Catholic Healthcare West, San Francisco; and Hill Physicians Medical Group, an independent physician group, announced the launch of an accountable care network in January with the goal of holding healthcare costs flat this year for Sacramento-area California employees.



Davila

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Mary Carol Todd, vice president of medical management for the 38-hospital CHW, said the effort has targeted costs from overuse of surgery, avoidable hospital readmissions and patients who seek care outside the managed-care network in their effort to hold spending at about \$400 per member per month in 2010.

The effort stemmed from a year of talks among the partners to identify ways to improve quality and patient satisfaction and reduce costs, Todd said. Each had data without which others could not readily identify waste or errors that drove spending.

Results of the analysis produced some unexpected results, Todd said. A major source of overuse proved to be knee surgery and hysterectomies, rather than treatment for asthma, diabetes or pneumonia.

Meanwhile, IT proved to be a barrier as the partners sought to improve quality. Hill Physicians and CHW sought to improve communication to prevent avoidable return trips to the hospital, but not all clinics have electronic health records, Todd said. Nurses with Hill Physicians now access patient records at CHW hospitals for clinic case managers, after vetting the process to protect patient privacy, she said.

Juan Davila, senior vice president for network management at Blue Shield of California, said costs the prior year rose roughly 8% to 10% and the flat spending amounts to savings of roughly \$15 million.

The partners also agreed to share losses should spending exceed the target, but the payment did not tie incentives to specific quality measures in the first year, Davila said. However, the partners separately report quality measures for California employees in the accountable care network to the state to monitor and ensure quality performance, he said.

At least 16 health systems are expected to announce this week plans to separately launch accountable care networks through an initiative by the group-purchasing and quality-improvement organization Premier, Charlotte, N.C.

Wes Champion, senior vice president of Premier Consulting Solutions, said he believes the private-market push ahead of

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federal regulations represents "a huge opportunity" to influence federal policy. Premier is expected this week to unveil the organization's push to promote the model with a two-tiered network of hospitals and health systems seeking to create such arrangements.

One tier includes at least 16 systems with roughly 60 hospitals that meet criteria for those able to quickly adopt accountable care networks. Members agree to share quality and spending performance and experience creating the networks.

To be eligible, health systems must: be ready to adopt Medicare ACO rules, once released, within one year; employ doctors or have an established physician organization; contract with one insurer that covers at least 5,000 Medicare enrollees; and have IT to transfer data from doctor to hospital to insurer. Health systems must also be members of a nearly 3-year-old effort to reduce costs, avoid infections or deaths among patients, and improve quality and patient satisfaction.

The second tier includes roughly 11 health systems that operate more than 90 hospitals that do not meet the criteria but will undergo an evaluation for how to adopt an accountable care arrangement.

Fairview Health Services, Minneapolis, joined Premier's second tier to learn from others' experience, said Mark Eustis, president and CEO of the seven-hospital system. Fairview employs roughly 500 primary-care doctors in 45 clinics, and in February 2009 overhauled the organization and responsibilities of providers at the first of four clinics to pilot Fairview's push toward an ACO. At the Eagan, Minn., clinic, doctors, nurses and schedulers now work alongside one another, huddle daily to manage care and review a more comprehensive list of quality measures weekly rather than monthly.

Lynne Fiscus, medical director for the Eagan clinic, said the more frequent and detailed quality data allow clinic staff to react quickly when patients do not receive appropriate care. Projects to improve patient satisfaction and quality are reviewed during daily huddles and a weekly operations meeting. And working in close proximity has improved communication among doctors, nurses and schedulers.

Fiscus said that in coming months, Fairview will convert doctor compensation to pay tied to four performance measures: 40% quality, 40% productivity, 10% patient satisfaction and 10% based on managing the cost of care.

She said the system is "sort of dipping our toe" into pay based on total cost of care, which may include care doctors provide outside of Fairview that the system cannot measure. So to start, Fairview will use a surrogate measure for the cost of care: How many hospitalized patients receive follow-up calls within 72 hours after going home, she said.

Pay tied to productivity will measure all contact within a group of patients—including video conferencing, e-mail and telephone calls, she said. The measure compensates Fiscus for some services that give patients access to providers without the hassle of an office visit, but for which she previously did not get paid. "We're just trying to meet patients where they are," she said.

*A version of this story initially appeared in this week's edition of Modern Healthcare magazine.*



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