# Medicaid Accountable Care Organizations (ACOs)

LEAD the WAY
Building a People-Centered Health System

BETTER HEALTH · BETTER CARE · LOWER COSTS

Trinity Health is one of the largest multi-institutional Catholic health care delivery systems in the nation, serving diverse communities that include more than 30 million people across 22 states. We are building a People-Centered Health System to put the people we serve at the center of every behavior, action and decision. This brings to life our commitment to be a compassionate, transforming and healing presence in our communities. We advocate for public policies that support better health, better care and lower costs to ensure affordable, high quality, people-centered care for all.

More than 760 government and commercial Accountable Care Organizations (ACOs) are changing the way care is delivered across the country.[1] An ACO is a clinically integrated network of providers that accept collective accountability for the cost and quality of care for a specific population of patients. States should take this opportunity to change the way care is delivered and improve the health of Medicaid patients while also reducing costs.

## What Should We Expect Medicaid ACOs to Achieve?

Distinct from traditional Medicaid managed care plans that generally contract with providers to deliver care on a fee-for-service basis with little provider incentive for better outcomes, Medicaid ACOs should be expected to:

- Test and identify successful value-based approaches.
- Identify sustainable models where provider-led organizations are accountable and managing all care components for specified populations.
- Propel population health.
- Integrate care beyond physical health.

### Medicaid ACO Outcomes in Oregon & Iowa

- ER visits decreased by 21 percent, hospital admissions for diabetes complications by 9.3 percent, and hospital admissions for COPD by 48 percent since **Oregon's** Coordinated Care Organization (CCO) efforts began in 2011.
- 5.7 percent reduction of inpatient costs, particularly for mental health and maternity services, in **Oregon**.
- 20 percent of beneficiaries in **Iowa** have completed preventive physicals, which is four times higher than in traditional Medicaid, after only 11 months.

## What are Early Outcomes?

Accountable care provides the opportunity to incentivize outcomes, consider social determinants and integrate behavioral health services. These innovations are reducing silos and improving coordination across the spectrum of care. Early outcomes[2] [3] from states that have adopted these models include:

- Reductions in emergency department utilization and hospital admissions and readmissions.
- Improved post-acute care management.
- Increased patient satisfaction.
- Improved patient engagement in preventive care and management of chronic conditions.
- Reductions in total cost of care for enrolled beneficiaries.

## Why Engage Providers?

Consistent with recommendations[4] from the National Association of Medicaid Directors, providers are critical to successful ACOs – they need to be at the table when policies are drafted and offer perspectives and priorities based on value-based experiences. The collaboration and innovation inherent in ACOs are deeply connected to the mission of our ministry and aligned with our strategic goals of achieving a People-Centered Health System.

[1] Leavitt Partners
[2] Oregon's Health System Transformation 2014 Mid-Year Performance Report. January 2015.
[3] Kocot SL, Dang-Vu C, White R, and McClellan M. Early Experiences with Accountable Care in Medicaid: Special Challenges, Big Opportunities. Population Health Management. 2013;16(1):S4-S11.
[4] NAMD. Driving Innovation on the Ground: Key Issues for State Medicaid Agencies in Payment and Delivery System Reform. January 2015.

# Medicaid ACOs

## What Do Policymakers Need to Know?

ACOs embody a fundamentally different way of paying for and delivering health care services, necessitating substantial change for providers and care teams. Providers in Medicaid ACOs must build new connections across not only health services; but critically important to success are the connections across social support services, while at the same time assuming unprecedented accountability for quality, utilization and cost.

### Key Considerations for State Policymakers in Developing Medicaid ACOs

- Have all critical providers been invited to the table?
- What resources—short and long term—will support this work?
- Is approach to risk tiered, and are incentives appropriate to attract providers?
- Have unique needs of eligible populations and a phase-in approach been considered?
- What are the infrastructure gaps and needs to ensure development and sustained viability?

### Test and Identify Successful Value-Based Approaches

*Recommendations:*

- Align Medicaid ACO efforts with other innovation in the state and with Medicare and commercial ACO efforts.
- Implement a consistent set of primarily outcomes-based quality measures across all payers and ensure these measures take the diversity of Medicaid populations into consideration.
- Improve financial stability by simplifying the financial model; and develop an appropriate balance between risk and reward, including adequate time in one-sided risk models and higher shared savings for high-quality providers.
- Ensure actuarial sound rates.
- Allow for a chronic care management fee similar to implementation in the Medicare program.
- Ensure appropriate risk adjustment taking into account the clinical and sociodemographic characteristics of the patients.

### Identify Sustainable Models Where Provider-Led Organizations are Accountable and Managing All Care Components

*Recommendations:*

- Ensure stable patient attribution—particularly to primary care—so the ACO is working with an identifiable population.
- Provide resources to support care coordination, including care managers and health coaches.
- Invest in strong primary care, including patient-centered health home, infrastructure.
- Allow non-physician providers to practice at the top of their licenses to promote access and efficiency.
- Invest in information technology that supports access to complete, accurate, reliable and timely data.
- Expand coverage of, and reimbursement for, telehealth services that enhance access, outcomes and efficiency.
- Further policies that support aging in place, i.e. Programs of All-inclusive Care for the Elderly (PACE) models.

### Propel Population Health

*Recommendations:*

- Tie incentives to achieving change in the coordination of services across systems and improving population health.
- Test innovative benefit designs that empower beneficiaries to be equal partners in attaining better health, better care, and lower costs, including incentives for healthy behaviors.
- Provide resources for community health teams and care managers that have cultural familiarity and expertise to meet patients' diverse social and linguistic needs, including making connections to external social services.
- Urge alignment with stakeholders that effectively address social determinants (transportation, housing, etc.) to health.

### Integrate Care Beyond Physical Health

*Recommendations:*

- Offer financial incentives—to all members of the care team—to foster social service coordination and encourage collaboration between physical and behavioral health.
- Require inclusion of behavioral health providers in the ACO.
- Create opportunities for including long-term care supports and services and social services in the ACO.
- Provide data reports to help identify high-risk patients in need of enhanced care management.