Accountable Change . . . . . . .

Period !!!

Martin Hickey, MD
Chief Accountable Care Officer
Symposium on Health Reform
July 20, 2010

Alegent Health is a faith-based health ministry sponsored by Catholic Health Initiatives and Immanuel Health Systems.
HISTORY LESSON

Managed Care

Capitation
Limited Networks
Prior Authorization
History Lesson – Managed Care

• Recession
• Excess Capacity – Specialists
• Competing Limited Networks
• Capitation
• Mass Hysteria
• 13% GDP
More History

- Dot.com Bubble
- PPO/Self Insurance
- Entrepreneurial FS
- Hospitals and Doctors
PPACA involves more than 100 new agencies, boards, and commissions.
Today

- Gwande/Dartmouth
- PPACA
- IPAB
- 85% MLR
- Innovation Center
- No FFS
THE METEOR IS ABOUT TO HIT.....

TODAY

Tomorrow

Before

After
**PPACA timeline: three major phases**

- While 2014 will see many of the most dramatic changes, some changes have earlier – or later – effective dates, and additional activities will be required to support implementation.

<table>
<thead>
<tr>
<th>2010 - 2013</th>
<th>2014 - 2016</th>
<th>2017 +</th>
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<tbody>
<tr>
<td><strong>Rules, Regulations &amp; Funding</strong></td>
<td><strong>Mandates, Pilots &amp; Exchanges</strong></td>
<td><strong>New Normal</strong></td>
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<tr>
<td>105 new agencies/programs</td>
<td>Individual mandate</td>
<td>Delivery system integration</td>
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<td>Coordination between states and federal government</td>
<td>Health exchanges</td>
<td>Insurance market shakeout</td>
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<td>Employer pay or play</td>
<td>Legislative amendments/rulemaking</td>
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<td>Insurance conformity</td>
<td>Demonstration &amp; pilot programs</td>
<td>Appropriations</td>
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<td>Excise taxes—insurance, medical devices, drug companies</td>
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Take Home Points

1. We didn’t do it . . . . . . . . . 
   Soooo They Are!

2. Are we sure it’s Doctor/Hospital Alignment?

3. Change like you’ve never seen it
Most Expensive Piece of Medical Equipment

Reconfiguring the Synapses
Pick your Poison

Feds or Market
Omaha …..

America’s version of “Brigadoon”

Accountable Care Alliance

University of Nebraska
Methodist Health Systems
Closing the Triangle

Patient

Physician  Care Manager
Where’s the Savings

- Length of Stay – Hospitalists
- Hospitals – Overcapacity Reduction 2 ways
- Re-hospitalizations
- Hospitalizations
- Intensity of Service – Watchful Waiting vs. Intervention
- Low Back Pain – Virginia Mason
- Medication Compliance Reconciliation – easiest hit
- Hill Physicians
Employer ABC

APCMH Partnership Pilot

- Identify High-Risk/High-Cost Chronics via United/Broker
- Develop Financial Incentive via Benefit Design to Change Care to Medical Home
- Track Outcomes, Utilization and Savings Against Projected Trend – United
- If Value Proven Construct Economic Viability Plan via Case Management Fee and Eventually Shared Savings
Use Episode Grouper to Compare Resource Use Across Different Treatment Paths at the Same or Different Quality Level

In this example, Provider X has a longer L.O.S., orders more expensive IP radiology, uses the most expensive medical device, and waits to start patient P.T. post-discharge.
Payment Evolution

- FFS
- Shared Savings
- Shared Risk
- Bundled payment – single payment for episode or condition
- Partial capitation
- Capitation
At the Core . . . . . .

Data Fed. . . . .

and Doctor Led ! ! ! !