Medicaid Safety-Net ACOs

Presentation to the
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Session Overview

- Study Overview and Scope
- Selected Sites
- Key Characteristics
- Site Visit Findings
- Policy Questions

Project Overview and Scope

- Within the context of the movement towards adoption of alternative payment methodologies, a look at how safety-net providers are participating as accountable care organizations to serve Medicaid beneficiaries.
- Areas of focus included:
  - History and development
  - Governance, leadership, and organization
  - State and market context
  - Approach to care management and population health
  - Payment arrangements

What is a "Medicaid safety-net ACO"?

- First: A provider-based organization that provides health care services to high numbers of Medicaid and uninsured patients
- Second: It has entered into *shared savings or shared risk arrangements* with the state Medicaid program or Medicaid managed care organizations (MCOs)
  - But, not assuming full risk or operating as a health plan

Selected Sites

State	Organization	Lead Provider	Geography	Down-side Risk?	ACO in Medicare or Commercial
MA	Cambridge Health Alliance	Integrated Hospital System	Urban	Yes	Yes
MA	Signature Healthcare	Integrated Hospital System	Urban	Yes	Yes
ME	Penobscot Community Health Care	FQHC	Rural	No	Yes
MN	FQHC Urban Health Network (FUHN)	FQHC	Urban	No	No
MN	Southern Prairie Community Care	County Coalition	Rural	No	No
NY	Montefiore Medical System	Integrated Hospital System	Urban	Yes	Yes
OH	Partners for Kids – Nationwide Children's Hospital	Integrated Children's Hospital System	Urban and Rural	Yes	No

History and Development

- Why Safety-Net Providers Chose to Become a Medicaid ACO
  1. Market pressure
  2. Financial pressure
  3. Desire to control own destiny

- What was needed to start up?
  1. Change to strategic focus
  2. Strong leadership and vision
  3. Partnerships
  4. Capital

Governance, Leadership & Organization

- Implementation of the ACO model and maintenance of function requires ongoing focus and attention
  - Across all model types strong leadership is essential
- Governance models varied based on the lead organization and network delivery model
  - FUHN: FQHC executive directors
  - Nationwide: primarily hospital system employees
  - Southern Prairie: county commissioners, with delegated body made up of broad social service and health care provider representation

Approach to Care Management and Population Health

- All ACOs had, or were implementing, care management programs
- ACOs also recognize need to focus on population health
- Sites varied in degree of development and focus

Other Cost Savings Strategies

- Improving coding to ensure best global payment
- Reducing “leakage”
- Improving data collection, analytics and use in developing strategies

Payment Arrangements

- Payment arrangements were varied:
  - Full capitation/risk
  - Shared savings/shared risk
  - Shared savings only
- Services included within arrangement also varied:
  - Most did not include behavioral health

State and Market Context

- States varied in degree of:
  - Involvement in ACO program design and operation
  - Purchasing vehicles
  - Use of population-based payments

Themes (1 of 2)

1. Reasons for ACO formation included financial constraints and a belief that adopting new payment models was necessary for long-term sustainability.
2. Factors affecting ACO include the identity of the sponsor provider(s), market characteristics, and available start-up resources.
3. Safety-net ACOs pursue a small group of common cost-saving strategies.
4. The role of the state varied from none to full program design and operation.

Themes (2 of 2)

5. Safety-net ACO development is redefining the roles of Medicaid MCOs and states.
6. Safety-net ACOs are not yet fundamentally changing how providers deliver care.
7. Safety-net ACOs face significant challenges:
   - Lack of capital, especially for non-hospital sponsors
   - Access to management information
   - The “hospital conundrum”
   - Serving the Medicaid population

Policy Questions

- To what extent should the federal and state governments be encouraging the development of ACOs among providers serving high numbers of Medicaid beneficiaries?
- What policy changes might be necessary?
- What is the relationship of ACOs to MCOs?