

Accountable Care Organizations and Risk Sharing

Shifting the focus from “more” to better quality care

John Korangy, MD, MPH, DABR
Co-Founder, CareClix



Recap and Introduction

In our last whitepaper, we examined the concept of Staff Load Balancing and demonstrated how better distribution within your healthcare system increases the number of patients seen with less strain on specialist resources.

Staff Load Balancing

Evenly distributing patients across networks and providers



In previous papers, we have delved into how to incorporate telemedicine programs into your existing facility, how telemedicine can enhance chronic care management, how virtual triaging can improve outcomes and efficiencies in urgent care centers, and how remote patient monitoring can support post-discharge planning and adherence to treatment.

In our newest whitepaper, we explore how Accountable Care Organizations (ACOs) can help with risk sharing for patients and providers and reduce patient costs. This paper examines how ACOs are structured and how they can leverage telemedicine by incorporating features within the platform to realize key benefits. These features include:



Remote Patient Monitoring



EHR Integration



Insurance Eligibility Verification

What are Accountable Care Organizations (ACOs)?

ACOs are groups of doctors, hospitals, and other healthcare providers who voluntarily work together to provide high-quality care to patients. ACOs allow doctors and hospitals to share the financial and medical responsibility for providing coordinated care to patients they serve.¹



Coordinated care ensures patients get the right care, with a goal of saving the patient money (e.g., by avoiding unnecessary tests and procedures) and preventing medical errors. What matters most is that doctors are keeping patients healthy, which emphasizes a “value-based care” payment model. Put simply, if doctors are able to deliver and keep their patients healthy, they will get paid.

ACOs are one of several new models of care made possible by the Affordable Care Act. Congress began to include ACOs into law as a way to reduce the national deficit, specifically targeting Medicare as baby boomers begin to approach retirement. The Medicare Shared Savings program highlights the goal of ACOs to help fix the current inefficient payment system that rewards doctors who see more patients, not those that are providing better-quality care to their patients.

In Medicare’s traditional fee-for-service payment system, doctors and hospitals are generally paid for each test and procedure conducted, even if it might not be necessary for the patient. While charging for services will always be the norm, ACOs create an incentive for doctors to be more thoughtful and efficient in the tests and procedures they order, offering bonuses when providers can keep costs down. While financial savings are not promised (please refer to the next section Payment Models for ACOs), the program has seen success. In 2014, the third year of the Medicare ACO program, 97 ACOs qualified for shared savings payments of more than \$422 million.²

What are Accountable Care Organizations (ACOs)?

As highlighted in Exhibit 1, the overall number of ACOs and ACO contracts has continued to increase. Today, about 10% of the US population is covered by an ACO, an increase of nearly two million people compared to last year.³

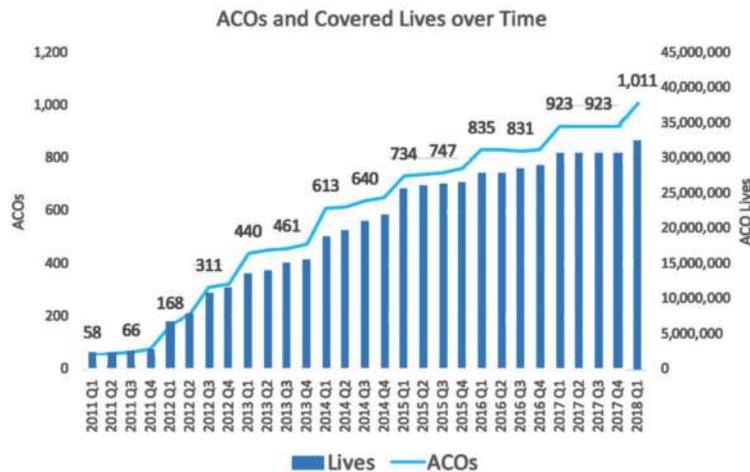


Exhibit 1: Accountable Care Contracts and Lives Covered Over Time

Many ACOs have not yet succeeded in improving performance while lowering spending relative to their set benchmarks. For these reasons, while the number of ACOs are still increasing, there will likely be ACOs that drop out over time.

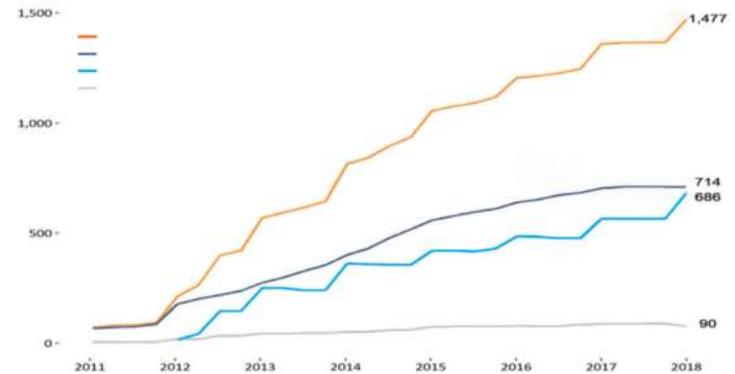


Exhibit 2: Accountable Care Contracts Over Time

Specifically broken down, there are slightly more commercial ACO contracts (48%) than Medicare (46%) contracts, and Medicaid contracts only make up a small fraction of that (5%). As far as growth, Medicare contracts have experienced the most growth, while commercial and Medicaid contracts have leveled off to a degree (see Exhibit 2). The most logical reason behind this could be that there is still uncertainty around ACOs, particularly related to federal changes that could occur in the future.

Payment Models for ACOs

It is important to consider the payment structure of an ACO when analyzing its overall success. Provider organizations must decide on the amount of risk they are willing to take on in a payment model. Depending on the contract and payment model, the savings are calculated and distributed to the parties involved. There are multiple shared savings options to consider:⁴



One-Sided Shared Savings

This model only has upside risk and no downside risk; providers will share a portion of the savings if they succeed financially, but will not bear any financial losses if they are unsuccessful with this method.



Partial Capitalization

The ACO takes on partial risk for some or all of the services involved. This is possible by creating strong incentives and enforcing transparent communication. This motivates physicians to be engaged in best practices, in order to reduce the risks involved.



Bundled/Episode Payments

Providers take on risk related to the degree of complication in the patient's case. In a bundled payment scenario, providers would receive a single payment for all of the patient's services for one episode of care.



Two-Sided Shared Savings

Providers take on up and downside risk, depending on savings or losses. Providers should reduce cost due to the downside risk and may be eligible for a higher sharing rate with a higher performance payment limit than in the one-sided model.



Global Payments

The providers take on most of the risk, receiving monthly or annual payments, regardless of the services performed in that time period. This method strongly incentivizes providers to lower the cost of care and increase efficiency and utilization.

In the end, the success of an ACO is dependent on the degree to which individual providers are willing to participate and committed to succeeding. Therefore, there is no "one-size-fits-all" model, providers have different ideas of how much risk and reward they are willing to consider.

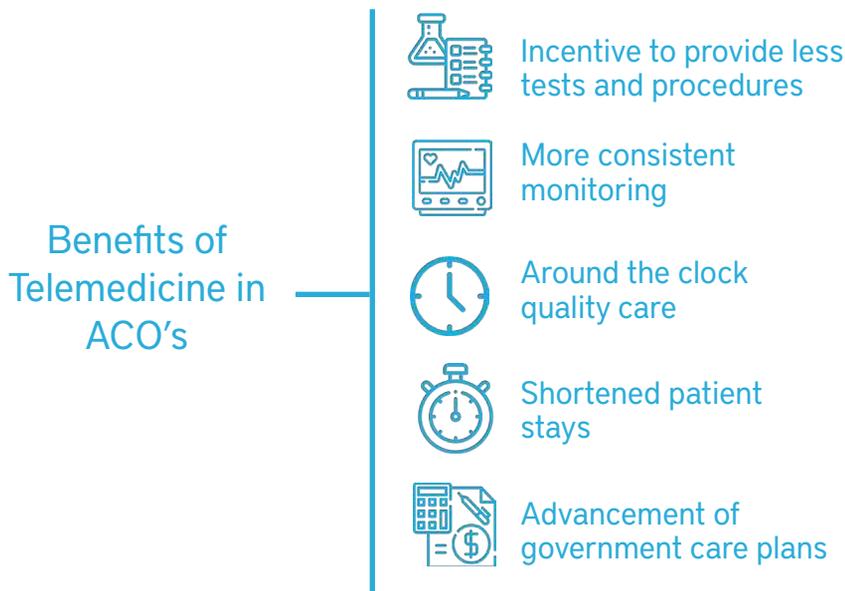
ACOs and Telemedicine

ACOs focus on better quality care and patient outcomes while reducing costs aligned with telemedicine offerings. Telemedicine provides an efficient solution for patients and physicians to interact via technology – 24 hours a day, seven days a week. Providing around-the-clock care in an appropriate cost setting can help patients avoid unnecessary hospital and ER visits, saving money for the patient and time for providers. As discussed in recent papers, telemedicine also offers a better means to monitor patients. By utilizing telemedicine to keep in touch with patients after they are discharged, ACOs can reduce readmissions, helping patients avoid financial penalties due to unnecessary readmissions.

A great risk for ACOs that haven't yet adopted telemedicine into their service offering is patient retention. As patients continue to emphasize convenience of care, telemedicine will gain market share, and ACOs that do not provide this service could see their patients seeking care outside of their system. Additionally, telemedicine services could greatly improve communication channels between the parties involved in the ACOs, which may include doctors, hospitals, and other healthcare providers. While these parties are already working together to provide coordinated care, they may not be linked in the most efficient manner.

Utilizing telemedicine services within an ACO can greatly increase the communication between the involved parties as well as promote high-quality care that aligns with the ACO's standards – not the standards of a third-party vendor.⁵

Lastly, telemedicine can help advance the intent of government accountable care plans. As mentioned earlier in this paper, ACOs were originally created in an attempt to minimize healthcare-related costs and improve the efficiency of healthcare, which are key benefits of utilizing telemedicine. Telemedicine not only helps provide improved, more convenient care for patients, but the tracking capabilities and communication channels created through this technology can expand the benefits for ACOs.



Real-World Application of ACOs using Telemedicine

Oscar



Oscar Health, a New York-based healthcare startup that positions itself as an insurer and technology company, is using telemedicine to improve healthcare through ACOs. The company has taken a consumer-centric approach to the insurance business, offering a strong digital consumer engagement platform and partnering with high-value providers of care.⁶

The company recently announced its expansion to the Medicare Advantage market for 2020, adding to its current position in the individual and small group (i.e., small business) market. Given the diversity in care, the company highlights the need for customer-specific solutions. According to Chief Clinical Officer Dennis Weaver, “consumer segmentation is something we think about every day,” highlighting that the company does not target a specific segment, but rather makes sure there is a product that works for each segment, and that the product can be customized as necessary.

Oscar’s goal is to get customers online to make healthcare more:



Convenient



Efficient



Cost-Effective

Once customers are online, Oscar Health can track hundreds of different customer journeys and analyze each interaction to understand behaviors and match patients with the best providers. Consumers using Oscar are routed through the system to partner doctors and networks that will solve their specific problems. According to Weaver, the company segments networks to monitor performance (i.e., which doctors are providing the highest quality care). The power is in the data – Oscar realizes that different doctors have varying quality outcomes depending on cost, and thus interacts directly with the customer to identify their needs and route them accordingly.

Real-World Application of ACOs using Telemedicine

Oscar Health is continuing to push the boundaries for virtual care. The important thing, Weaver notes, is to watch what kind of engagement happens online through telemedicine and to find the provider partners who can help them get this done. When forging new partnerships with providers, the company is looking to maximize the quality of care while minimizing costs as best as they can.

The company has already learned that shared savings (i.e., 50-50 split savings) won't work for every system. However, they do highlight that by working with Oscar Health, health system partners can realize savings resulting from better consumer engagement, care management, and network integrity, which will ultimately secure a large volume of patients – patients that might otherwise be going elsewhere if the healthcare quality is not met.

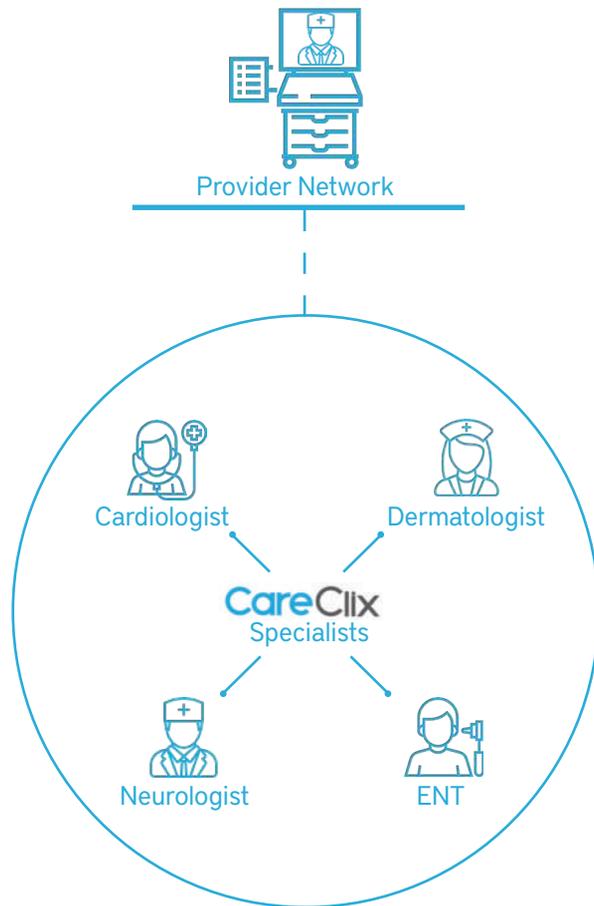
Simply put, Oscar Health's goal is to "reduce the leakage and grow the share for the health system." Therefore, quality of care and patient outcomes will continue to be the most important metrics for them to track.

Given that the number of ACO-covered patients will quadruple by 2020—increasing from 23 million to 105 million, according to Leavitt Partners—the use case for telemedicine in conjunction with ACOs is becoming clearer.

Like other ACO considerations, there is no “right” kind of telemedicine model to be integrated into your system. However, if organizations can think through how virtual care can be delivered under their brand and help meet their goals, it can help them improve the quality of care while also ensuring future success of ACOs.

How ACOs Can Leverage the CareClix Platform

As discussed in this paper, the mission of ACOs is to better manage patient populations, and in many cases do it with whatever technological means necessary to save money and improve quality and outcomes.



Access to a comprehensive suite is essential to effectively meet the dynamic needs of patients and providers. CareClix's platform, with its multitude of features and solutions, simplifies and improves the experience of patients and providers alike.

With CareClix's simple mobile app, doctors and healthcare providers are just a click away from connecting with their patients. **Additionally, CareClix enables remote consultations in a seamless and secure environment between patients and physicians and supports 98% of the most popular remote patient monitoring devices.** CareClix's platform provides access to a rich set of features, such as EHR Integration that includes immediate access and updates to patient information, 24/7 virtual claims tracking to file, online self-scheduling for patients, and insurance eligibility verification to ensure policy coverage.

For ACOs who seek to better serve their patients and save money, these features can help these organizations expand their reach and better care for their patients online.

Conclusions and Next Steps

ACOs can greatly benefit from utilizing telemedicine by increasing patient access to high-quality care and saving both patients and providers significant time and money. With common goals, ACOs and telemedicine can work together to provide efficient solutions and convenient care via telecommunications technology, ensuring proper communication between doctors and patients and making informed decisions from the data .

As your office or healthcare facility plans an entry or expansion of telemedicine capabilities, keep our strategic healthcare and business concepts in mind. Know your market, work with your providers, and cater to patient demand for convenience and quality care delivery.

When CareClix partners with health systems, we offer a solution that is branded to our partner organization and geared to your targeted population of patients and providers. After reading this guide, please feel free to contact us anytime if you would like to learn more about any of the concepts featured in this whitepaper or if you'd like to learn more about how CareClix can help your organization. We can be reached by phone anytime at [1 \(855\) CARECLX](tel:1855CARECLX), or by email at info@careclix.com.



John Korangy, MD, MPH, DABR
Co-Founder, CareClix



About CareClix

CareClix provides comprehensive, integrated telehealth applications, technology, and services that health systems can self-brand. As the only open telemedicine platform, CareClix provides out-of-the-box support for the most popular telemedicine carts, EHRs, and over 200+ medical devices. Healthline ranks CareClix as the #1 telemedicine company because we offer a seamless solution with advanced technical features and a dedicated team who helps tailor solutions to each of our clients. We've used this platform to help our customers implement telemedicine programs impacting over 4 million patients a year and counting.

Email

info@careclix.com

Call us

[+1-855-CARECLX \(227-3259\)](tel:+1855-CARECLX)



Sources

- 1 - <https://innovation.cms.gov/initiatives/aco/>
- 2 - <https://khn.org/news/aco-accountable-care-organization-faq/>
- 3 - <https://www.healthaffairs.org/doi/10.1377/hblog20180810.481968/full/>
- 4 - <https://www.beckershospitalreview.com/hospital-physician-relationships/3-ways-telemedicine-can-help-acos-coordinate-care-cut-costs.html>
- 5 - <http://health-system-management.advanceweb.com/the-rewards-of-telemedicine-investments-for-acos/>
- 6 - <https://gisthealthcare.com/talking-oscar-new-kind-health-insurer>