

Section VII

# Take-Aways

# Imperatives For Success Under Strategic ACOs

## Physician Alignment –

- Focus physician alignment structures on premium partners who share a common vision
- Organize around proceduralists who will comprise the efficient surgical enterprise and PCP's who will operate the effective ambulatory care management network
- Develop alignment strategies that support joint contracting with all physicians who will be “principals”

# Imperatives For Success Under Strategic ACOs

## Clinical Transformation –

- Engage stakeholders from multiple levels and sites of care
- Begin clinical transformation initiatives to address performance risk and fund investments in managing utilization risk
- Activate patients under your care by engaging patients in decision making
- Develop an advanced medical home model that supports proactive chronic care and patient management

# Imperatives For Success Under Strategic ACOs

## Payment Transformation –

- Synchronize clinical transformations that reduce demand with reimbursement changes
- Pilot strategies with your own employee base first
- Choose early strategies that maximize profitability to provide funding for longer term strategies
- Design payor contracting strategies that create value for purchasers rather than exercising leverage

# Imperatives For Success Under Strategic ACOs

## Information-Powered Health Care –

- Maximize physician engagement with investments in technologies that translate quickly to incentives
- Re-orient clinical operations around process design and care standardization to unlock the value of IT investments
- Use data analytics and business intelligence to optimize your clinical model and patient management
- Invest in technologies that facilitate remote and virtual access to medical advice and monitoring

## Assess Your Strategic ACO “Assets”

- Medicare patients
- Physician relationships
- EMR
- Community reputation
- Referral network
- Depth of resources/capital
- Quality of facilities
- Primary care network
- Market share
- System alignment
- Relative health of local population

## Assess Your Strategic ACO “Liabilities”

- Lack of developed facilities
- Lack of capital
- Fragmented physician market
- Key acute care services migrate out of community
- Personnel issues – unions, nursing, benefits
- Lack of coordinated care
- High Medicaid population
- Poor payor contracts
- Poor population health

## Adopt a New Value-based Business Model

1. Measure patient quality and cost
2. Manage both to improve the former, reduce the latter
3. Realize your profit centers are your patients' and payers' cost centers
4. Implement Strategic ACO strategy to capture the savings
5. Implement transparent pricing strategy



# Measuring & Managing Quality/Cost

- Adopt 80/20 rule
- ID/start fixing the 20% targets, e.g.
  - Nosocomial infections & never events
  - Readmissions
    - COPD
    - Asthma
    - CHF
    - Brittle diabetes
  - Unnecessary imaging
  - Etc.
- Repeat

Develop/Implement ACO Strategy

Capture the savings & learn to love  
your new profit/cost-center  
schizophrenia

# Six-Step Strategic-ACO Value-Chain Strategy

1. Assess your current value-chain position: Am I now generating savings I need to capture?
2. Initiate quality/cost measurement & management programs (80/20 rule)
3. Establish retail pricing strategy
4. Initiate Strategic ACO strategy with existing ERISA self-funded employee benefit program if you have one
5. If you don't, consider payer capitation contracts—but hire your own actuary(!)
6. Lead/Participate in developing provider-sponsored health plan
  - a. Medicaid MCO
  - b. Medicare Advantage
  - c. Insurance exchanges
  - d. Employer dual choice

## Is Hyde Crazy?

No, I'm just suggesting that what works in *every* other sector of our economy can also be a success strategy in the new era of:

- Declining FFS reimbursements
- A cost-shifting death spiral
- Growing patient deductibles/coinsurance
- Individual insurance exchanges
- Growing patient demands for medical value
- Increasing government intervention
- Increasing hospital bankruptcies

**“The winners of tomorrow will deal proactively with chaos, will look at the chaos per se as the source of market advantage, not as a problem to be got around.”**

**TOM PETERS**

**“What we have before us are some  
breathtaking opportunities  
disguised as insoluble problems.”**

**JOHN W. GARDNER**

## Presenters



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