

# Ascension Health Partners With Centers for Medicare and Medicaid Services to Provide Patient-Centered Care Through the Pioneer Accountable Care Organization Model

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Two of the 32 integrated health networks selected by the Centers for Medicare and Medicaid Services (CMS) to participate in the federal government's Pioneer Accountable Care Organization (ACO) program are part of Ascension Health. The goal of both participants—Seton Health Alliance in Austin, Texas, and Genesys Physician Hospital Organization (PHO) in Flint, Michigan—is to develop systems in which health care professionals who are not necessarily employed by Ascension Health hospitals engage with the organization in population health strategies that include financial risk taking.

## Structure/Governance

Ascension Health is the largest nonprofit health care delivery system in the United States, delivering care at more than 1400 locations including 81 hospitals in 21 states and the District of Columbia with more than 685,000 total annual discharges. Two systems within Ascension Health were selected as Pioneer ACOs by the CMS, the Seton Health Alliance<sup>1</sup> and the Genesys PHO.<sup>1</sup> Both organizations represent collaborative efforts between physicians and hospitals but are structured in different ways.

The Genesys PHO, which was formed in 1994, currently has 160 primary care physicians, a closed panel of approximately 400 specialists, and one 410-bed tertiary care hospital servicing 5 counties in Michigan. The Genesys PHO has expertise in medical management through the development and implementation of patient-centered medical homes, Web portals, nurse navigators, and hospitalist programs. It performs delegated concurrent and retrospective review of utilization management functions on behalf of its contracted health maintenance organization payers. The Genesys PHO assumes risk for over 70,000 lives. It is one of the few PHOs in the nation to receive certification from the National Committee of Quality Assurance in credentialing. The Genesys PHO has a history of successful risk-

sharing performances such as participation in the Blue Cross Blue Shield of Michigan's Physician Group Incentive Program established to encourage physician organizations and medical groups to take responsibility for facilitating transformational changes in health care delivery that improve population-level performance.<sup>2</sup>

The Seton Health Alliance is a partnership between the Seton Healthcare Family in Austin and the Austin Regional Clinic. The Seton Health Alliance is a wholly owned subsidiary of the Seton Healthcare Family. It is jointly governed by the Seton Healthcare Family, the Austin Regional Clinic, and community representatives (including physicians, patient representatives, and a consumer advocate).

The Seton Healthcare Family's 38 clinical locations include 5 major medical centers, 2 community hospitals, 3 rural hospitals, an inpatient mental health hospital, 3 primary care clinics for the uninsured, and several strategically located health facilities that provide ambulatory care. The Austin Regional Clinic is a 300-physician multispecialty medical group founded in 1980. It now provides health care to over 380,000 area residents at 18 locations in 6 cities, including both primary and specialty care.

## Goals

Ascension Health, Seton Health Alliance, and the Genesys PHO plan to transition to the CMS's proposed model of 2-sided, risk-based reimbursement and anticipate greater risk sharing over time, such as the population-based payment approach envisioned for year 3 of the Pioneer ACO program. The CMS defined 33 quality performance measures that are predominantly focused on ambulatory care. The quality measures fall into 4 equally weighted domains that are patient/caregiver experience, care coordination and safety, preventive health, and at-risk populations. For performance year 1, all measures are only reported. For performance year 2, 25 are

performance measures, and 8 are reported. In year 3, all but 1 measure are performance measures in which the ACO is “accountable” for performance.

Success in the Pioneer ACO will require achievement of quality initiatives as well as limiting the increase in Medicare per capita expenditure. Key elements of this strategy include establishing physician-directed quality improvement initiatives, promoting more effective utilization management, improving long-term and preventive care such as diabetes outreach programs, and engaging patients in self-management through patient-centered medical homes. Transition care programs focus on moving the patient from one locus of care to another or to home. Seton supports this work through an ex-

tensivist program that puts a hospitalist-trained physician (extensivist) in community-based clinics. The extensivist cares for the patients with the highest degree of comorbidity and directs care among multiple care settings and multiple consulting physicians. The extensivist model was selected after reviewing its documented success in improving health quality, decreasing overall costs, and increasing patient satisfaction.<sup>3</sup>

In addition to the Pioneer ACO efforts, several Ascension Health facilities are pursuing bundled payment models and the Medicare Shared Savings Program. Since the final rule for the Medicare Shared Savings Program involves less financial risk, the barrier to entry is lower than that of the Pioneer ACO.

**TABLE. Comparison of Payment Arrangements in the Pioneer ACO Model<sup>a</sup>**

	Pioneer Core	Pioneer Option A	Pioneer Option B	Pioneer Alternative 1 <sup>b</sup>	Pioneer Alternative 2 <sup>c</sup>
<b>Year 1</b>	60% 2-sided 10% sharing cap 10% loss cap 1% MSR	50% 2-sided 5% sharing cap 5% loss cap 1% MSR	70% 2-sided 15% sharing cap 15% loss cap 1% MSR	50% 1-sided 5% sharing cap 2%-2.7% MSR (depending on number of aligned beneficiaries)	60% 2-sided 10% sharing cap 10% loss cap 1% MSR
<b>Year 2</b>	70% 2-sided 15% sharing cap 10% loss cap 1% MSR	60% 2-sided 10% sharing cap 10% loss cap 1% MSR	75% 2-sided 15% sharing cap 15% loss cap 1% MSR	70% 2-sided 15% sharing cap 15% loss cap 1% MSR	70% 2-sided 15% sharing cap 15% loss cap 1% MSR
<b>Year 3</b>	<b>Payment:</b> Population-based payment of up to 50% of ACO's expected Medicare Part A & B revenue	<b>Payment:</b> Population-based payment of up to 50% of ACO's expected Medicare Part A & B revenue	<b>Payment:</b> Population-based payment of up to 50% of ACO's expected Medicare Part A & B revenue	<b>Payment:</b> Population-based payment of up to 100% of ACO's own expected Medicare Part B revenue, less 3% discount	<b>Payment:</b> Population-based payment of up to 100% of ACO's own expected Medicare Part A & B revenue, less 3% discount
<b>Year 3</b>	<b>Risk:</b> 70% 2-sided 15% sharing cap 15% loss cap 1% MSR	<b>Risk:</b> 70% 2-sided 15% sharing cap 15% loss cap 1% MSR	<b>Risk:</b> 75% 2-sided 15% sharing cap 15% loss cap 1% MSR	<b>Risk:</b> Full risk for all Medicare Part B with a discount of 3% to 6% (depending on quality scores) and shared risk for Medicare Part A (70% sharing rate, 15% sharing and loss cap)	<b>Risk:</b> Full risk for all Medicare Part A & B revenue with a discount of 3% to 6% (depending on quality scores)
<b>Year 4</b>	Same as above Rebase using 2011, 2012, 2013	Same as above Rebase using 2011, 2012, 2013			
<b>Year 5</b>	Same as above	Same as above	Same as above	Same as above	Same as above

<sup>a</sup>ACO = accountable care organization; MSR = minimum savings rate.

<sup>b</sup>Seton Health Alliance selected Pioneer Alternative 1.

<sup>c</sup>Genesys PHO selected Pioneer Alternative 2.

Adapted from Center for Medicare and Medicaid Innovation.<sup>4</sup>

### Payment Models

Through its Center for Medicare and Medicaid Innovation, the CMS made available 5 different payment models<sup>4</sup> with different degrees of risk from which the 32 Pioneer ACOs may choose (Table). In order to select the appropriate payment model, Ascension Health engaged a third party to perform an ACO risk model evaluation for both the Genesys PHO and the Seton Health Alliance. The overall objective was to determine ACO financial feasibility in the target ACO service area. The analysis was based on proprietary Medicare and Medicare Advantage data and Medicare sample claims data for 2006 through 2009.

The Genesys PHO chose Pioneer Alternative 2, which is the only model of the 5 Pioneer ACO options that in year 3 moves to a 100% population-based model for Medicare Part A (payments for inpatient hospital care, skilled nursing care, hospice care, and other facility-based care) and Part B (payments for doctors' fees, outpatient hospital visits, and other medical services and supplies that are not covered by Part A). The Seton Health Alliance chose Alternative 1, which was the only model of the 5 offering no downside risk in the first year.

### Anticipated Impact

An accountable care model would enable the Genesys PHO and the Seton Health Alliance to achieve the Institute for Healthcare Improvement Triple Aim outcomes<sup>5</sup> that include improving population health, improving the experience of health care for all, and containing health care costs.

Movement from a fee-for-service reimbursement system to a value-based system will result in a reduction in short-term inpatient admissions. It is expected that both of the Pioneer ACOs will experience decreases in both inpatient and outpatient hospital volumes, as well as a shift in site of care from the inpatient short-term care setting to outpatient/

ambulatory service centers. Similarly, on the outpatient side, a reduction in unnecessary diagnostic and outpatient procedures is predicted.

### Expected Benefits

As a national organization, Ascension Health is involved in a portfolio of experiments in various models of care targeting specific populations with accountability for both health care quality and financial outcomes.<sup>6</sup> The Pioneer ACOs are an example of such learning efforts. In addition to gaining experience in medical management and financial risk management, the organization expects to identify novel strategies to engage physicians around shared values and shared business objectives without additional employment being necessary.

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