BUILDING BRIDGES: A BUSINESS APPROACH TO PARTNERSHIPS WITH ACCOUNTABLE CARE ORGANIZATIONS AND HEALTH SYSTEMS

National Council on Aging Webinar
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PRESENTERS

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OBJECTIVES

- Identify the factors for market success under the Affordable Care Act
- Examine readiness strategies for contracting with an ACO or health system
- Identify steps to build the business case
- Identify factors that affect success
PARTNERSHIP: ACO

- Affordable Care Act Opportunities
  - Accountable Care Organization (ACO)
  - Michigan Pioneer Accountable Care Organization (MIPACO)

- Sources:
  - http://innovation.cms.gov/initiatives/ACO/
  - http://www.cms.gov/Medicare/Medicare-Fee-for-ServicePayment/sharedsavingsprogram/FAQ.html
PARTNERSHIP: HEALTH SYSTEMS

- Detroit Medical Center
  - 4 Hospitals – 3 in the DAAA service area
  - 2,900 medical staff members
  - Largely private physicians
  - Prior to 2010, no integrated ambulatory delivery system
  - Tenet Healthcare - one of the nation’s largest for-profit systems
### BENEFICIARY PROFILE

**Av. Per-patient Annual MC Expenditure**

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<thead>
<tr>
<th></th>
<th>U.S.</th>
<th>MIPCAO</th>
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<tbody>
<tr>
<td>Exp.</td>
<td>$12,245</td>
<td>$18,664</td>
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**Hierarchical Condition Categories (HCC)**

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<thead>
<tr>
<th></th>
<th>National</th>
<th>Detroit</th>
<th>MIPACO</th>
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<tbody>
<tr>
<td>HCC</td>
<td>1.0</td>
<td>1.21</td>
<td>2.269</td>
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- Death rate for seniors in Detroit 60% higher & hospitalization rate 43% higher than rest of the State
- Average disease burden >3 chronic illnesses
PARTNERS PRIORITIES

- Using the ACO to accelerate our learning
- Building a risk platform
- Align physicians around quality
- Evidence-based platform
- Understanding the boundaries of risk sharing
- Despite elegant agreements, must have a boots on the ground approach.
PARTNERS CHALLENGES

- Demographic
- Physician practice habits
- Out of network spending
- Analytical tools
- Data lag & data warehouse
- Competition from shared savings ACOs
GOAL: THE TRIPLE AIM

- Better health for the community
- Better healthcare quality
- Lower cost
OUR PARTNERS TOLD US:

- Achieving the TRIPLE AIM requires new, non-traditional collaborations across the community
- Need different types of patient, physician and other community partner collaborations
- Infrastructure is required to create the capability that allows sharing data and information
- Each endeavor will be a learning experience
PARTNERSHIPS

- When change occurs in the business environment new opportunities are created

- Affordable Care Act
  - Profound impact on the health sector
  - Profound impact on human services

- AAAs that provide the supportive services are well-positioned for partnerships
PARTNERSHIPS

- **Business Case for Care Coordination**
  - The business case must demonstrate value
  - Use core competencies and build new ones
  - AAAs well positioned to exploit opportunities
  - Potential market success
  - Based on management and leadership competencies
Factors for Market Success under ACA

- Policy Change
- Partnership Building
- Business Case
- Existing Product or Service Lines
- Development of New Services

Management & Leadership Competencies
PARTNERSHIP

- Competencies for successful contracting
  - Knowledge
  - Experience
  - Community presence and connections
  - Skill set to build upon
  - Quality and performance
PARTNERSHIP

- Area Agencies on Aging have the delivery system
  - Deliver services that create value for partners
  - Demonstrate cost effectiveness
  - AAA delivered supportive services could be part of an ACO/MCO service portfolio
PARTNERSHIP

- Assessment of Current Strengths
  - Management and leadership competencies
  - State of readiness for change to the business models and realignment
  - Organizational culture – risk avoidance, change agents
  - Positioned to exploit the new opportunities created by the ACA and other policy developments
PARTNERSHIP

- Know Your Organization
  - Know your Technical & Behavior Skills
  - Know your Level of Expertise & Abilities

COMPETENCIES

Behavioral/Emotive
  - Leadership Skills

Technical & Cognitive
  - Management Capacity
PARTNERSHIP

- Understand your value
  - “What does the organization bring that is unique and how do you demonstrate cost effectiveness”
- Conduct organizational self-assessment
  - Key criterion
- Identify value-based services
CONTRACTING SUCCESSFULLY

- Leadership Competencies
  - Strategic orientation and innovative thinking
  - Relationship building and maintenance
  - Building teams with enthusiasm for change
  - Performance orientation - data driven
  - Negotiation skills
CONTRACTING SUCCESSFULLY

- Management Competencies
  - Planning
  - Delivering Services
  - Evaluating the Services
<table>
<thead>
<tr>
<th><strong>STAGE 1</strong></th>
<th><strong>STAGE 2</strong></th>
<th><strong>STAGE 3</strong></th>
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<tbody>
<tr>
<td><strong>Strategic Planning</strong></td>
<td><strong>Service Coordination &amp; Development</strong></td>
<td><strong>Quality Assurance, Data Management &amp; Billing</strong></td>
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<tr>
<td><strong>Plan &amp; Promote Services</strong></td>
<td><strong>Delivering the Services Successfully &amp; Profitably</strong></td>
<td><strong>Evaluating the Services Through Healthcare Lenses</strong></td>
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<td>Making the Business Case</td>
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<td>SWOT: Assess Business Opportunities given trends</td>
<td>Identify market niches for AAA and provider network</td>
<td>Build in quality assurance indicators</td>
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<td><strong>Articulate Core Competencies</strong></td>
<td>Identify partners and develop business plan</td>
<td>Address IT requirements</td>
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<td><strong>Conduct Competitive &amp; Stakeholder Analysis</strong></td>
<td>Pilot effort to determine capacity, demand and cost</td>
<td>Build in data management system</td>
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<tr>
<td><strong>Plan potential services in partnership with ACO and other partners</strong></td>
<td>Cost out services and negotiate contractual agreement</td>
<td>Seek needed accreditation, certification and other credentialing</td>
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<tr>
<td><strong>Build Future Scenarios</strong></td>
<td>Establish realistic benchmarks</td>
<td>Evaluate, evaluate, evaluate</td>
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Cite: Overview of Preparing Community-Based Organizations, V. Tabbish, the Scan foundation, 9/2012
SUCCESSFUL PARTNERSHIPS

- Stage 1: Plan and promote the services
  - Make the business case
  - Assess the business opportunities given the trends, market and environment
  - Articulate core competencies
  - Conduct competitive and stakeholder analysis
  - Plan potential services in partnership
  - Build future scenarios
SUCCESSFUL PARTNERSHIPS

- **Outcomes**
  - Articulate strengths
  - Align core competencies
  - Developing new competencies
  - Identification of fit with prospective partner
  - Modify strategies for market niche
SUCCESSFUL PARTNERSHIPS

- Stage 2: Delivering the Services Successfully & Profitably
  - Identify market niches for AAA and for provider network
  - Identify partners and develop business plan
  - Determine capacity, demand and cost
  - Cost out services, negotiate contracts
  - Establish realistic benchmarks
SUCCESSFUL PARTNERSHIPS

- Outcomes
  - AAA-ACO Partnership development
  - Contractual agreement
  - Project launch
  - New or Enhanced Services
SUCCESSFUL PARTNERSHIPS

- **Stage 3: Evaluate Through Healthcare Lenses**
  - Build in Quality assurance indicators
  - Address IT requirements
  - Build in data management system
  - Seek needed accreditation, certification and other credentialing
  - Evaluate, evaluate, evaluate
SUCCESSFUL PARTNERSHIPS

- Outcomes
  - Credentialing and/or Quality Assurance Process
  - Upgraded Information Technology
  - Improved Data Management
  - Integrated Billing/Cost Accounting
CONTRACTING SUCCESSFULLY

- Know Your Business
  - Identify partners – Know Their Needs
  - Tailor products
  - Determine quality, metrics (contracting)
CONTRACTING SUCCESSFULLY

- Contract Considerations
  - Risk-Based Contracting
  - Quality, Quantity
CONTRACTING SUCCESSFULLY

- Delivery
  - Understand costs drivers/accounting
  - Pay for Profit
  - Capitated
  - Starting at cost
  - Risk (Fee for Service)
  - Capital and Cash Flow
WRAP UP

• Questions
Reference: