

*Improving care, reducing costs***Why some experts have high hopes for accountable care organizations**by **Jessica Pupillo** • Correspondent

Colleen Kraft, M.D., FAAP, a pediatrician at Carilion Clinic in Roanoke, Va., is seeing the impact of accountable care organizations (ACOs) firsthand.

Carilion Clinic is one of three sites participating in an ACO pilot project sponsored by the Dartmouth Institute and the Brookings Institution's Engelberg Center for Health Care Reform.

ACOs, a heralded model for improving health care delivery, are encouraged under the federal Affordable Care Act and are driven largely by Medicare reform. The Centers for Medicare & Medicaid Services (CMS) defines them as organizations of health care providers that agree to be accountable for the quality, cost and overall care of beneficiaries. In return, ACOs receive incentive payments based on quality and efficiency in managing costs.

For Dr. Kraft, that means she is paid a base salary and has opportunities to earn bonuses for meeting care benchmarks and performance measurements, and for productivity. Investments made by an ACO in health information technology and care coordination are designed to make care efficient and less costly.

Promising signs

"The model is currently in evaluation," Dr. Kraft said. "It is a great idea, but as of yet, we still need objective evidence that this ACO will cut costs and improve quality."

Meanwhile, anecdotal evidence is mounting at the Carilion Clinic. Dr. Kraft lists numerous examples of how the delivery model is improving pediatric care and reducing cost, particularly as it relates to care coordination and enhanced electronic health records.

For example, when a 3-year-old girl with a seizure disorder presented for a well-child visit, Dr. Kraft used her technology to retrieve the child's recent lab results, note that the child's Depakote levels were low and contact the child's neurologist through the system's intranet. Before the patient left the office, Dr. Kraft had a message back from the neurologist advising changes to the girl's medication.

This type of collaboration among physicians and other health care professionals is at the heart of an effective ACO, she said.

Appropriate care coordination also is a hallmark of effective ACOs. Dr. Kraft cares for a family with three asthmatic children, all frequent visitors to the emergency department. Quality improvement initiatives in asthma management, including a care coordinator who ensures children come to asthma maintenance visits, has made a difference in this family's life. "This same mother brought one child in last week and told me, 'You know, Dr. Kraft, I haven't been to the ER during this entire fall season!'"

"It's eye-opening to see how this model is improving care," Dr. Kraft said.

Shaping the details

"If we can launch this, I think ACOs are the best idea to put health reform forward in the past 40 years," said Steve Wegner, M.D., J.D., FAAP, president and medical director of Community Care of North Carolina, a managed care network for Medicaid recipients that has shown improvements in quality and cost savings. Dr. Wegner tempered, "We need to make sure we get this right."

Getting it right is something many are concerned about as some important details about ACOs are yet to be determined.

"The federal government will set guidelines and rules by which ACOs will operate," Dr. Wegner explained. "States will have a role in that as well, but it's not clear what the role will be."

CMS still is working out the details of Medicare ACOs, and demonstration programs are scheduled to begin by Jan. 1, 2012. The Affordable Care Act also established a Medicaid Pediatric ACO Demonstration Project to run from January 2012 to December 2016.

Several types of medical organizations could qualify as ACOs, according to CMS, including integrated delivery systems, physician-hospital organizations, multispecialty group practices and networks of health centers. Experts expect to see both pediatric-only ACOs, especially in larger cities with more resources, and child and adult ACOs.

"There is no one model for an ACO, and I think what's so important is to have flexibility," said Antoinette Parisi Eaton, M.D., FAAP, AAP past president (1990-'91). Dr. Eaton is affiliated with Nationwide Children's Hospital in Columbus, Ohio, possibly the country's largest pediatric ACO.

Considerable opportunities exist for pediatricians to help determine the future of ACOs, said Thomas F. Long, M.D., FAAP, chair of the AAP Committee on Child Health Financing.

"We need pediatricians to exercise their influence to make sure the ACO in their community is representing and delivering the right kind of product to children," he said. "Get involved and help shape the product that's developing."

Academy helps draft principles

To help policymakers and private payers develop ACOs, the Academy, in partnership with three primary care organizations, helped draft the *Joint Principles for Accountable Care Organizations* (see Resources). The document calls for ACOs to provide care based on the patient-centered medical home and allow strong leadership among physicians and health care professionals.

The principles also call for performance measurements that are “nationally accepted, reliable and validated.”

“There is a real need for a lot more performance measurements,” Dr. Eaton said, particularly clinical measures specific to the pediatric population.

In pediatrics, *Bright Futures* guidelines “would certainly be a hallmark of quality preventative care,” Dr. Eaton said. For example, one performance measure would be the completion of developmental screenings at appropriate age levels, she said.

Evaluating an ACO

For pediatricians asked to join an ACO, look for three organizational qualities, Dr. Kraft said. “First, you need a strong base payment with a good incentive payment for participating. Second, you need access to resources like care coordinators and health information technology, and third, you need to have transparency for the whole operation.”

“On the financial side, you have to be concerned about cash flow,” Dr. Long said. “How do the dollars flow such that children are getting their needs met and pediatricians can deliver that care in an affordable and

meaningful way?”

Dr. Wegner, who also is past chair of the AAP Committee on Child Health Financing, encourages pediatricians to look at the ACO’s leadership structure.

Some ACOs are going to be better than others, he said. “You want to be in an ACO where you feel like your voice can be heard.”

RESOURCES

- *Joint Principles for Accountable Care Organizations* from the Academy and three other primary care medical associations (<http://tinyurl.com/38ukuuq>) provides guidance on the structure of ACOs and the possible payment models to make them successful.
- *Accountable Care Organizations (ACOs) and Pediatricians: Evaluation and Engagement* is an AAP guidance document expected to be available in early 2011.