Accountable Care, Medical Homes and Health Care Reform

Senate Finance Committee - Health and Human Resources Subcommittee

Edward G. Murphy, M.D.

October 25, 2010
Carilion

- Headquarters: Roanoke, VA
- 8 Hospitals
- Significant teaching program
- Large physician group
- $ 1.3 Billion net revenue
- 11,000 employees
Medical School & Research Institute

Classes began August 2010 with inaugural class of 42 students.

Thank you!
Our View of a Clinic

- Large interdisciplinary group practice dedicated to integrated and coordinated care producing excellent efficient patient care supported by education and informed by research
- Physicians are key leaders
- Organized around the physician group
- Hospitals work together with physicians in support of patients’ needs
Why “Accountable Care”

• Came to quickly realize that we needed to merge provider system reforms with payment system reforms
• Needed bridge strategies and new approaches with payors
• Fulfill vision for patients, community, and providers - required some fundamental shifts in our work
Accountable Care Organizations

Two Questions:

1) Accountable to who?

2) Accountable for what?
Questions

1) Accountable to who?
   - Patients
   - Community
     - Ultimate payors
Questions

2) Accountable for what?

- Outcomes
- Service
- Costs
  - i.e., making them lower
Costs

• Cost reduction is the key driving force behind ACO advocacy.

• Total cost of care
  - The all-in-per-capita cost of treating a population for a year.

Prime Focus – Service Volume
Cost Savings Opportunities

- Pharmaceuticals
- Hospital admissions
- E.D. Usage
- Procedures
- Ancillary services, esp. high cost imaging (e.g., C.T.)
Significant Business Model Conflict

• Health care is a volume driven, transaction oriented business.

• ACO’s are a care management/efficiency value proposition.

• We’re set-up to deliver services … not manage care.
ACO Success

• Requires execution on a whole new body of work / new competencies
  - Case management

• Largely the work of physicians and physician support personnel/services.
Everyone is important but physician group is at the center.
Investments

1) Comprehensive EMR; Epic
   - 3 year project
   - 10 year Total Cost Ownership
     $100,000,000 !

2) Physician Group
   - 300 → 600
   3 years !
Medical Home
The Primary Care Foundation

- Comprehensive Primary Care
  - Wellness
  - Management of chronic diseases
    - Robust case management function
Carilion’s Medical Home Journey

NCQA Standards / Certification

• Pilot Experimentation
  - 2 practice locations (test sites)
  - 1+ year testing different activities
Carilion’s Medical Home Journey

NCQA Certification Process

• 1st Test Site Application
  - July ‘09

• 1st Certification
  - Sept ‘09

* 1st NCQA Level 3 certification in VA.
Carilion’s Medical Home Journey

NCQA Certification Process

• Current Certifications
  - 6 sites
  - 29 physicians

• Thanksgiving
  - 11 sites
  - 42 physicians
Carilion’s Medical Home Journey

NCQA Certification Process

• Goal: Summer 2011
  - 19 sites
  - 74 physicians

• Current state in VA, non-Carilion
  NCQA Level 3 certifications:
  - 3 sites
  - 20 physicians
Moving Beyond
Setting the Foundation

- Beginning to report data now
- Reports by: Dr.; Practice Site; Region
  - Panel size / Panel
  - Disease registries
  - ED visit rate
  - Readmission rate: 30d, 60d, 90d
  - Avoidable admissions (ARHQ definition)
  - High-end imaging
Business Model Conflict

1) Nature of work
   - Data
   - Structure
   - Incentives
   - Payor relationships **

2) Revenue model
ACO Success

• Threatens existing revenue
  - ↓ Admissions
  - ↓ ED usage
  - ↓ High end imaging
ACO Success

You can’t reduce health care costs without spending less!
Funding Strategies

• Shared Savings
• Case Management Fee
• Budgeted Payments
Summary

ACO’s

- Potential for high patient and societal value

but...

- A very complicated transition.