

Making the Case for Clinical Integration and Accountable Care

With healthcare reform stalled, the momentum of the industry's shift to accountable care may have slowed, but boards should not dismiss its promise. With or without national healthcare reform: 1) Medicare is projected to be bankrupt by 2017 or sooner; 2) the funding of Medicaid by many states is at risk due to budget shortfalls; 3) employers will continue to drop coverage for their employees as premiums continue to increase; and 4) payers will continue to emphasize initiatives to "bend the curve" of healthcare spending by placing the onus of demonstrating improved quality, cost savings, and value on providers. So, we can either get paid less for what we do or transform the way we deliver care.

Update on ACOs since September Senate Finance Committee Bill

While the future of healthcare reform is unclear, one thing is certain: hospitals and health systems must adapt to an inadequate reimbursement

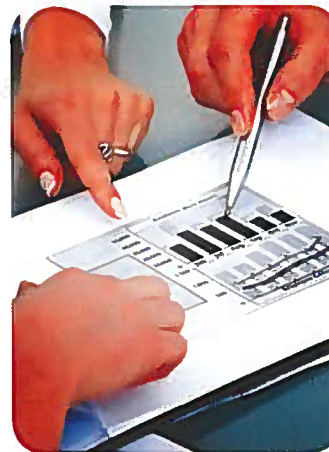
environment. Private and governmental payers will continue to press for accountable care as a way to control costs and improve quality. Many still believe the ACO concept holds promise, and the negotiations of the Senate bill included expansions of the idea to capitated and pediatric ACOs. It is expected that ACO initiatives will roll out on a large scale within the next four years, with emphasis on health prevention and patient engagement instead of treating sickness episodically.

Where Do We Go from Here?

The payment systems in place today encourage providers to offer as broad an array of services and capabilities as possible in an effort to capture and maximize volume (and revenue). But, going forward, providers should take a more objective view of what kinds of services to offer through an honest appraisal of those available in the community: who can deliver better outcomes

more efficiently at a better value?

Organizations should consider pursuing clinical integration as a step toward



accountable care to ensure effective use of healthcare resources and health optimization of the communities in which they operate. Since most hospitals cannot cut enough expenses to

adjust to the lower payment while still providing quality and access, hospital and health system leadership must define strategies to ensure the most appropriate care in the most appropriate setting along the care continuum,¹ starting by engaging patients in their own health.

Top Six Board Considerations to Prepare Your Organization for Payment Changes

1. **Organizational leadership capability to envision, guide, and motivate change throughout the hospital/health system.**

Moving toward systems of clinical integration and accountable care requires all oars moving in the same direction, at the same time, and with a consistent effort. That won't happen unless everyone—the board, physicians, administration, nurses, and other staff—at all levels of the organization, knows that the rules are changing. The change in mindset and definitions of success will likely take years, but ensuring that all participants understand the vision of your role in the future of



healthcare in your community will facilitate effective change. Clinical integration, care delivery redesign, development of clinical guidelines, and reporting—all necessary components—require a deep bench of clinical leaders who have the commitment, support, and trust of the administrative management.

2. **Organizational culture of self-improvement, critical assessment, and pursuit of efficient delivery of healthcare services.** Hospitals and health systems must create a discipline that is less forgiving about inconsistent application of established standards and protocols to nurture a culture of continuous self-improvement. This will require timely information (e.g., "report cards"), feedback loops, and education. It also requires enforcement of sanctions if expected behaviors/outcomes are not being met. *This performance expectation must be consistently applied to physicians, clinical staff,*

¹ For a more in-depth look at the care continuum, see the special section, pp. 7–15.

and administrative leadership. Achieving the types of cost savings demanded will require rethinking traditional ways of delivering patient care, starting at the physician office and including every component of the care continuum. It begins in the patient's home, where efforts to engage patients in taking responsibility for their health and self-care will be evermore important. Hospitals and health systems will need to continually promote innovation in search of "a better way" to deliver clinical care.

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3. **Seamless and coordinated care management along the continuum.** Case management, where the focus is on managing patients who present with complex problems, needs to evolve to care management, where potential problems are identified before they result in expensive care.

Your organization's case managers must work closely with hospitalists, other physicians, patients, their rehabilitation, skilled nursing and/or home health providers, and others in ensuring that the most efficient care is delivered both in and outside the hospital (e.g., follow-up appointments, alerts to prevent admissions). Primary care physicians must have mechanisms to identify problem signs in patients with chronic disease (e.g., medication compliance, status changes) and have access to reliable point-of-care alerts to ensure timely provision of preventive care. Ultimately, the capability to do predictive modeling to identify both individual patient risks, as well as more general trends that affect the health status of a population, will allow hospitals and health systems to truly optimize healthcare in their communities.

4. **A robust and nimble information technology infrastructure that connects your hospital to other healthcare delivery sites.** Hospitals must have the ability to aggregate clinical and financial data from community physicians as well as hospital(s), pharmacies, independent diagnostic centers, and other care delivery sites (including a patient's home). The information technology infrastructure must have the capability to deposit data into an accessible data repository. Clinical and financial information data must be reported back to clinicians in a timely and accurate manner. Physician and patient

portals should be integrated with clinical decision support systems in order to improve quality at the point-of-care and report on guideline adherence and measurement.

5. **Proactive, consistent engagement with your community at-large.**

Providers prepare themselves generally for the times when patients come to them for care or advice. But in the future, providers will need to think more about the general population in their community—how do you reach out to people even if they do not need medical care right now? Are there opportunities for providers to implement electronic communication, home remote monitoring, or other forms of interaction? Patients should be engaged and empowered to participate in their care management through portals, home monitoring, and point-of-care notifications.

6. **Consider a pilot to test your ACO model.** To ensure your organization is prepared, pilot your ACO model. Integrated delivery systems with health plans will have a distinct advantage, but other hospitals and health systems should negotiate with insurers or self-funded employers for shared savings contracts that reward value. Seek grants from payers to defray ACO development costs. Use the pilot opportunity to continue refining and honing your organization's approach to accountable care.



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Accountable care requires a group of healthcare providers to take responsibility for the overall costs and quality of care for a population of individuals by managing their clinical care; capturing comprehensive data across the care continuum; measuring and monitoring costs, quality, and service; and coordinating the financial relationships across the continuum. The concept of accountable care requires an organizational culture of mutual accountability based on individual responsibility, with a focus on optimizing community health. Is your organization ready? ■

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