

New Health Care Delivery Programs

Background

The Patient Protection and Affordable Care Act (ACA) adopts several key delivery system reforms to better align provider incentives to improve care coordination and quality and reduce costs. These reforms include medical homes, voluntary pilot projects to test bundled Medicare payments and voluntary programs where qualifying providers – including hospitals – can form accountable care organizations and share in Medicare cost savings. In addition, the ACA creates a Center for Medicare & Medicaid Innovation (CMMI) to test innovative payment and service delivery models.

AHA View

Hospitals can anticipate a future in which care is more integrated, providers are at more financial risk, and all elements of the system are more accountable to their communities. The AHA is working to ensure the changes to health care delivery are implemented responsibly and improve care for patients and communities. The AHA's efforts around new health care reform delivery programs are focused on the following:

Accountable Care Organizations (ACOs). Of all the new initiatives included in the ACA, ACOs have generated the most interest from the public, providers and policy experts. The AHA has engaged in significant outreach to its members and sought advice from policy experts on delivery reform, those working on establishing ACOs in the private sector, and the participants in the Physician Group Practice (PGP) demonstration.

Based on our research and listening sessions, the AHA agrees with the opinion of the Centers for Medicare & Medicaid Services (CMS) that with ACOs “no one size will fit all.” While the ACA allows for considerable flexibility on how providers may organize as ACOs, we urge CMS to allow different configurations of provider organizations to enter the shared savings program to assess what works best. Many different models need to be tested in the first phase of the national program. Further, it is especially important to foster delivery reform in rural areas. We encourage CMS, perhaps through the CMMI, to explore opportunities to extend similar arrangements to rural providers who are interested in adopting delivery reforms.

We also urge CMS to start the program slowly, perhaps limiting the number of ACOs in the early years and establishing mechanisms for ongoing evaluation so that successes can be communicated and, hopefully, replicated throughout the health care system. To date, there are a number of private-sector efforts to form ACOs. The AHA encourages CMS to partner with these early adopters to maximize the potential for success.

For successful accountable care, additional startup capital will be needed, quality measure sets will need to be aligned among all purchasers, and there must be a

compelling business case to build sustainable ACOs. While the majority of the focus has been on the Medicare ACO program, the partnerships that ACOs forge with non-Medicare purchasers may be a larger transforming factor. The AHA also is monitoring the development of pediatric ACOs.

Medical Homes. Medical homes offer a new and promising approach to providing comprehensive primary care to patients in a highly coordinated manner. While not a new concept, medical homes received enhanced attention during the health care reform debate. A provision in the ACA provides grants for capitated payments to primary care providers that organize into an interdisciplinary health team. Such a team would be responsible for providing or coordinating all preventive, chronic and acute care services required by the patient across all elements of the health care system and the patient's community. In doing so, the medical home may improve patient access to care, patient satisfaction and also decrease costs. Hospitals can participate in the medical home model in a number of supportive and complementary roles to primary care practices. For example, hospitals can help convene community physicians, offer capital or information technology infrastructure, or provide staff resources and management expertise to the medical home.

The AHA supports CMS' approach to limit the number of participants to eight states in the Multi-Payer Advanced Primary Care Initiative. Many states have implemented medical home programs, particularly for the Medicaid population, and we encourage CMS and other payers to learn from those efforts.

Bundled Payments. Bundling payments to cover a set of clinical best practices has the potential to create consistent, high-quality care that is efficient. The ACA takes a national, voluntary pilot project approach to test different models of bundling to determine what works and what does not before broad adoption. While the concept is appealing, results from a Medicare demonstration project have been mixed. However, some positive outcomes with bundled payments have been experienced in the Medicare Advantage population. By allowing different organizational entities to receive the bundled payments, such as health systems, hospitals that employ physicians, physician-hospital organizations, and multi-specialty group practices or designated medical homes, Congress has encouraged testing of different bundled payment models.

The AHA urges CMS to establish a reliable evaluation system to assess the impact of bundled payments and report back to Congress on the approaches that warrant broader consideration. Bundling payments should not be automatically implemented by law or regulation. A variety of demonstration projects with proper evaluation can determine what best serves patient needs. Approaches that create greater integration across the health care system should be eligible for greater rewards.

Center for Medicare & Medicaid Innovation (CMMI). Like the ACO program, many policymakers have high hopes that the CMMI will foster new models to improve care and reduce costs. Given the level of funding available to pursue experimental payment models, \$1 billion a year for 10 years, the CMMI promises to be a highly effective vehicle for transforming the delivery and payment of health care services. We urge Congress to ensure that the CMMI has the necessary resources to test innovative new models of payment and care delivery.