

ACO INVESTMENT MODEL

Rural Hospital Collaboration

In January 2016, the Centers for Medicare & Medicaid Services (CMS) announced that 39 Shared Savings Program (SSP) Accountable Care Organizations (ACOs) will participate in the [ACO Investment Model](#) (AIM). This model will provide prepaid shared savings to encourage new ACOs to form in rural and underserved areas and to encourage current SSP ACOs to transition to a performance-based risk arrangement. AIM seeks to encourage interest in coordinated accountable care in rural areas by offering prepayment of shared savings in both upfront and ongoing payments, per beneficiary per month. The upfront payments distributed through the AIM support ACOs in improving infrastructure and redesigning care processes to provide beneficiaries with lower-cost and higher-quality health care.



Winona Health, Winona, Minn.

One of these 39 new AIM ACOs is a collaboration between [Lake Region Healthcare](#) (LRH), Fergus Falls, Minn.; [Winona Health](#) (Winona), Winona, Minn.; and [Madison Healthcare Services](#) (Madison), Madison, Minn. [National Rural ACO Services Corporation](#) (NSC) is providing technical assistance and consulting to develop the infrastructure of this model.

These three independent hospitals have closely followed the reforms taking place in payment and delivery, from volume to value. Each has participated in local efforts to

improve the health of the population and coordinate care across the continuum. While each prefers to preserve their independent status, they understand that staying ahead of the curve requires working with partners that share values and interests. Each provider adheres to the Triple Aim: enhance the patient experience, improve health and health outcomes and reduce or control costs. Ultimately, these like-minded hospitals wish to explore alternate payment methods (APMs), and none wants to be bypassed should other providers develop ACOs in the region.



Lake Region Healthcare, Fergus Falls, Minn.

In order to be eligible for the ACO Investment Model, an ACO must have met the following criteria:

- The ACO must be accepted into and participate in the Shared Savings Program.
- The ACO is determined to be from a rural area using the application selection criteria.
- The ACO does not include a hospital unless the hospital is a critical access hospital (CAH) or inpatient prospective payment system (IPPS) hospital with 100 or fewer beds.
- The ACO is not owned or operated in whole or in part by a health plan.
- The ACO did not participate in the Advance Payment Model.



Madison Healthcare Services, Madison, Minn.

As an ACO that begins on January 1, 2016 it will receive three types of payments:

- *An upfront, fixed payment.*
- *An upfront, variable payment:* based on the number of its preliminarily prospectively-assigned beneficiaries.
- *A monthly payment of varying amount depending on the size of the ACO:* based on the number of its preliminarily prospectively-assigned beneficiaries.

The goal of the collaborators is to learn how to function as a shared savings ACO. Savings are projected prospectively for two years and returned to CMS, but only if realized. The third year is full risk for the providers. At the end of the third year, the hospitals can choose to disband, continue, grow or merge the ACO as desired.

Uses of AIM funding include but are not limited to:

- Investments in infrastructure such as the expansion of HIT systems to include a patient portal and/or data warehouse capabilities
- Hiring of staff, such as nurse case managers, executives or project directors, to oversee the implementation of care coordination efforts

Through the experience, the collaborators will build capacity for practice transformation and developing techniques for attribution of new patients. Hospital medical office staff will be trained in population health management, quality improvement and patient satisfaction, and can begin billing for care coordination. NSC also will support data management and analysis as the organization assembles data and gathers experience on individual patient behavior and physician practice patterns.

Motivation toward shared risk is hastened by the new Minnesota Medicaid payment model – the Integrated Health Partnerships (IHP) demonstration – in which LRH and Winona participate. With this demonstration, Minnesota is one of a growing number of states to implement an ACO model in its Medical Assistance (Medicaid) program with the goal of improving care for members. In their first year of participation, delivery systems can share in savings. After the first year, they will share the risk for losses, but have negotiated an upside and downside risk corridor that aligns with their level of risk-taking. Delivery systems' total costs for caring for Medical Assistance members are measured against targets for cost and quality in Minnesota.

As public payers move toward value-based purchasing (VBP) models, so are private payers. Commercial plans such as United Health, Aetna and Blue Cross Blue Shield all are introducing VBP plans through the Health Care Marketplace, Medicare Advantage or for employers or individuals. Employer health plans including LHR and Winona are investigating VBP as well. The migration toward VBP is imminent, and the goal of the collaboration is to be prepared to migrate with it. Learning to thrive under an APM locally will position the ACO well for more extensive changes anticipated in the future.

Through managing their self-insured employee health plans, LHS and Winona receive data on the risk factors for a defined population of beneficiaries. They are able to analyze data in a more controlled environment and intervene with outliers – both patients and physicians – by crafting targeted responses. This also is true of their experience in IHP.

Understanding big data and its value is vital to managing risk. Through the systematic review of data for their defined populations, they are prepared to design standards for collecting and reporting data for application when expanding to a larger population.

Under APMs, care will be more patient-centered and delivered in a coordinated manner by integrated teams of clinical professionals. The AIM ACO will prove very instructive for this purpose and thus improve population health, improve the patient experience and conserve resources.

Lake Region Healthcare, Fergus Falls, Minn. is an independent, nonprofit system serving the community through several unique wellness initiatives. With a mission to be Minnesota's preeminent regional health care partner, [Lake Region Healthcare](#) has a 99-bed hospital, multi-specialty clinic, cancer center, assisted living community and fitness and wellness facility on the main campus in Fergus Falls, as well as a community garden. Outreach locations include a walk-in clinic in Fergus Falls and clinics in Ashby, Barnesville, Battle Lake, Elbow Lake and Morris. A team of over 80 medical staff and 900 employees, Lake Region Healthcare is dedicated to helping improve the health of people in the community with integrity, teamwork, compassion and excellence. Its health care wellness initiatives seek to engage community partners to work together at making Fergus Falls one of the healthiest places to live in Minnesota.

Winona Health, Winona, Minn. is a nonprofit health care provider governed by a board of community volunteers that adopts governance policies and practices to guide the organization's fulfillment of its mission: to improve the health and well-being of the community and the patients it serves. Winona Health has over 60 physicians and associate providers and 13 specialties and more than 1,100 employees and 400 volunteers. It is buttressed by a 99-bed hospital, 140-bed nursing home, 60-apartment assisted living community and 20-apartment assisted living community for memory care.

Madison Healthcare Services, Madison, Minn. comprises Madison Healthcare Services, Madison Lutheran Home, Lac qui Parle Clinic and Hilltop Residence. It is a health care complex offering a wide variety of services for people of all ages. The campus includes an 80-bed skilled nursing facility, a 12-bed critical access hospital, home care services, fully staffed medical clinic and a secure 36-unit independent living apartment building.