

Understanding Health Care Reform's New Delivery Models
By Amy K. Fehn, Wachler & Associates, P.C.

The health care reform legislation, also known as the Affordable Care Act (ACA) includes several provisions geared toward creating new models of health care delivery. Most physicians who are following the developments related to health care reform have heard about, or have been invited to join an Accountable Care Organization (ACO). There has also been a great deal of media attention surrounding the Shared Savings Program and the Payment Bundling Program. Physicians and other individual providers should understand the risks and benefits of participating in these models of care.

The term ACO was coined in 2006 to describe the collaboration between hospitals and the physicians who work at the hospital, to improve quality and decrease costs. ACOs are not exclusive to Medicare and may be set up to provide services pursuant to other payor plans.

ACOs are frequently included in health care reform discussions, since the ACA requires the Department of Health and Human Services (HHS) to establish a Medicare shared savings program by January 1, 2012 for "eligible" Accountable Care Organizations (ACOs).

Providers should understand that not all ACOs will be chosen for participation in the Medicare shared savings program, but rather must meet certain eligibility requirements, such as shared governance, a willingness to be held accountable for the care of at least 5,000 Medicare beneficiaries for at least a three year period, and a formal legal structure that allows for distribution of payments to participating providers. The ACO must also have appropriate leadership and management, processes in place to promote evidence-based medicine and patient engagement, as well as the ability report on quality and cost measures, and to coordinate care. The ACO must also demonstrate that it meets "patient-centeredness criteria", which will be further defined in future regulations.

The current legislation contemplates that ACO providers will continue to receive fee for service payments, but will receive a bonus payment if the ACO meets certain benchmarks. However, the ACA also allows HHS to consider other payment models such as partial capitation.

Providers should also be aware that participation in the shared savings program will preclude them from participating in certain other demonstration projects, such as the "independence at home" medical practice pilot program, which will utilize a team of providers to manage patients with certain chronic conditions, as well as various other pilot programs that will be established by a new department called the Center for Medicare and Medicaid Innovation.

Providers may also choose to participate in the "bundled payment" pilot program which is to be established by 2013. The "bundled payment" pilot program would allow hospitals and providers to share in a "bundled payment" for the care provided to certain Medicare patients during a hospitalization for a predefined condition, as well as medical services provided three days prior to and thirty days after the applicable hospitalization. It is possible that an ACO could also be used for delivering care pursuant to these pilot programs, but because the bundled pilot

program will likely be more focused on specialty services, the organizations formed to participate in this program may require a different composition.

Providers should keep apprised of all of the programs being considered and implemented pursuant to the ACA and consider which opportunities would be the most advantageous for their practice. When asked to participate in an organization such as an ACO, providers should consider whether participation requires exclusivity either by agreement or legislation that will prohibit them from taking advantage of other opportunities that may come along.

While the proposed fee for service model would not require physicians to take any downside risk, capitation models and participation in the bundled payment pilot programs, as well as other pilot programs could require significant risk taking. Physicians should carefully review and understand any participation agreements before signing the dotted line.