MASSACHUSETTS GENERAL HOSPITAL
PSYCHIATRY ACADEMY

Accountable Care Organizations:
How to Thrive in this Brave New World

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- I have no significant financial relationships with industry to disclose 2008-2020.

Outline

- Health Care Reform
  - History
  - Current
- Pharmacy in the ACO
  - Overall
  - Mental Health
- Questions, Discussion

Quotes

For every complex problem, there is an answer that is clear, simple, and wrong.

-H.L. Mencken

When I was young, I thought that money was the most important thing in life; now that I am old, I know that it is.

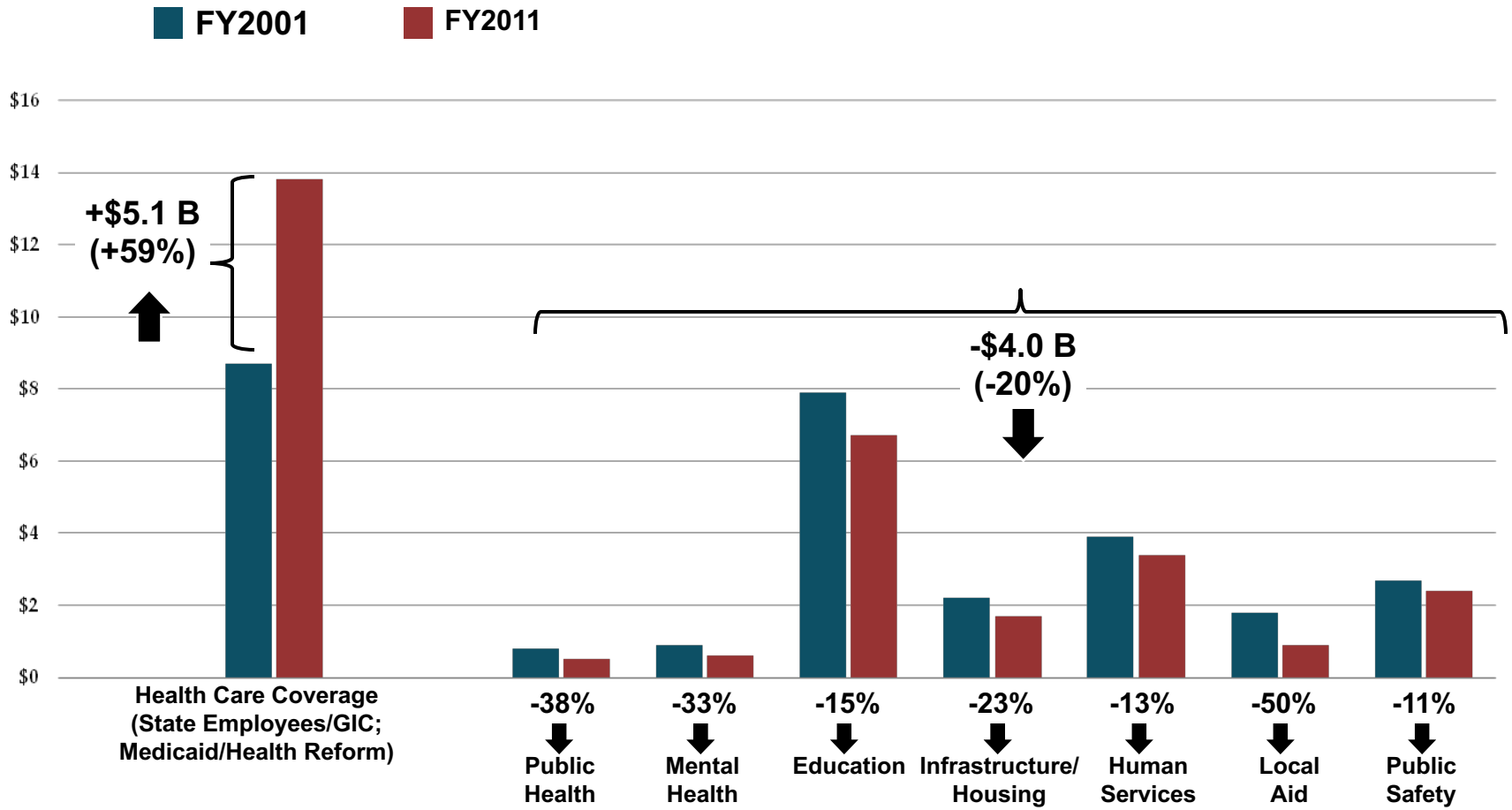
-Oscar Wilde

Health Care Reform: History

- A “Cost plus” business
  - Profit & sustainability inherent in compensation
- “Fee for Service” Compensation Model
  - Rational actors maximize profit by increasing unit price and volume
    - Incentivized and produced growth of US Healthcare spend
- The Consequence:
  - Health care spending up, up, up…
    - 17.9 % of GDP in 2011
      - Medicare was 3.7% of GDP; predicted to go to 5.1% by 2035 (Chernew, Health Affairs)

Consequence from a public policy view

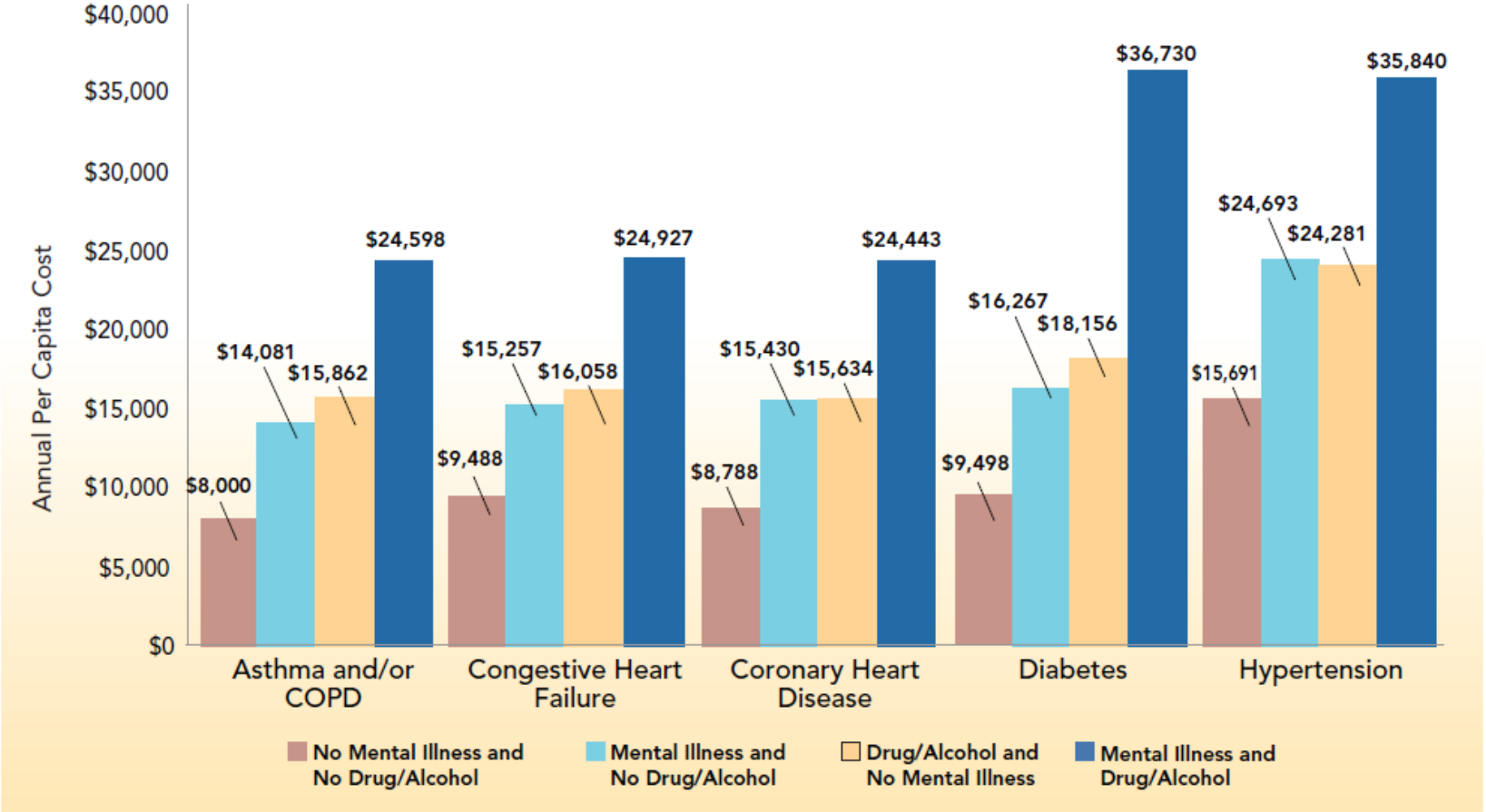
Massachusetts state discretionary spending



Policy Response: Budget = Risk

- Global budgets replace cost plus
  - Budgets limit overall spending with cap, thus controlling spending risk
  - Fee For Service to capitation compensation
    - Flips incentive base from payer to provider
    - Provider focus on population, prevention, appropriateness and effectiveness of intervention
      - Raised profile of Mental Health

Per Capita Medicaid Costs
Implications of Behavioral Health



Source: Center for Health Care Strategies report: *Faces of Medicaid: Clarifying Multimorbidity Patterns to Improve Targeting and Delivery of Clinical Services for Medicaid Populations, December 2010.* Available at http://www.chcs.org/publications3960/publications_show.htm?doc_id=1261201.

Evolution of Risk in Capitation Models

- Original capitation: PCP as risk holder
  - Problems:
    - Ethical
    - Data availability
    - Culture (doctors and patients)
    - Doctors bad as managers (of business)
- Next: “Managed Care”
    - UM/PA by payer
    - Gatekeeping
- Evolution: Pay for Performance (P4P)
  - Witholding fractions of payments until metrics satisfied
  - Usually 10-15% of fees
- Current: Capitation; risk corridors
  - AQCs, Value-based Contracting, ACOs, Bundled payments, MACRA/MIPS/APM

Risk Models

- Pay for performance (P4P)
  - Additional payment incentives for meeting performance metrics
    - Ex. imaging
- Alternative Quality Contract (AQC)
  - Step beyond P4P
    - Limited risk based on additional Quality and Performance Metrics
    - More complex risk and incentive sharing model
- Accountable Care Organization (ACO)
  - Risk corridors (minimum and maximum compensations)
  - Types of ACOs & supporting federal infrastructure
    - MACRA, MIPS/APM (alphabet soup…)

MACRA

- MACRA: Medicare Access and CHIP Reauthorization Act
  - Started 4/16/15
  - Replaces Sustainable Growth Rate (SGR)/Physician Fee Schedule (PFS) update
    - CHIP = Children's Health Insurance Program

MIPS

- MIPS: Merit-based Incentive Payment System
  - Starts 2019
  - Limited risk corridors up and down
  - Score based on
    - Quality (ex screening for depression, breast/colorectal cancer, fall risk; HbA1 c control; ASA for CVD): 30%
    - Resource Use 30%
    - Clinical Improvement Activities (PHM [use of registries, prevention], improved access, care coordination [telehealth], engagement [care plans for complex patients, SDM]) 15% and Meaningful Use (EHRs) 15%

APM

- APM: Alternative Payment Model
  - Complex rules,
    - But essentially a 5% upside for advancing levels of up- and downside risk in ACOs
      - 25% of Part B payments in 2019-20 going to 75% of Part B payments by 2023

Accountable Care Organizations

- CMS: "Groups of doctors, hospitals, and other healthcare providers who come together voluntarily to give coordinated high-quality care…."
  - Coordinated care =
    - '…right care at the right time…'
    - '…avoiding unnecessary duplication of services'
    - '…preventing medical errors.'
    - focus on chronic illness
    - shared savings

Types of ACO's & Incremental Evolution

- Shared Savings
  - Focus of FFS Medicare, first step, year end reconciliation, limited share of upside
    - 480 programs in 50 states covering 9 million people
- ACO investment model
  - For shared savings ACO to test pre-paid savings in rural/underserved areas
    - 45 programs in 38 states covering 487,000 people
    - Evolved from Advanced Payment Model (sunset)

Types of ACO's (Cont.)

- Pioneer ACO
  - Next step from Shared Savings/Advanced payment models for groups able to do Population Health Management (PHM)
    - Sunset (9 groups finishing up)
- Next Generation ACO
  - Next step from Pioneer
    - 44 groups
  - More risk, somewhat more flexibility

Population Health Management

- Avoiding unnecessary ER visits
- Avoiding unnecessary admissions
- Discharge planning
- Avoiding unnecessary readmissions
- Integration with skilled nursing facilities
- End of life / Hospice enrollment
- Chronic Disease management
- Patient Reported Outcome Measures
- Virtual Visits / Telehealth
- Virtual Consults
- Care Redesign
  - Diabetes
- Patient Centered Medical Home
- Integrated care management program
- Population Heath Coordinators
- Variation analyses & reporting
  - Imaging
  - Routine & high-cost labs
  - Pharmacy
- Stewardship groups
- Radiology Order Entry
- Procedure Order Entry
- Patient experience
- Meaningful Use & EMR integration
- Pharmacy

MGH CMS DP

Background

- *Timeline:* 2006 -11
- *Concept:* Improve the quality and reduce the cost of care for high cost Medicare patients
- *Patient characteristics:* >20% annual mortality, average age 76, more than half with a behavioral health diagnosis

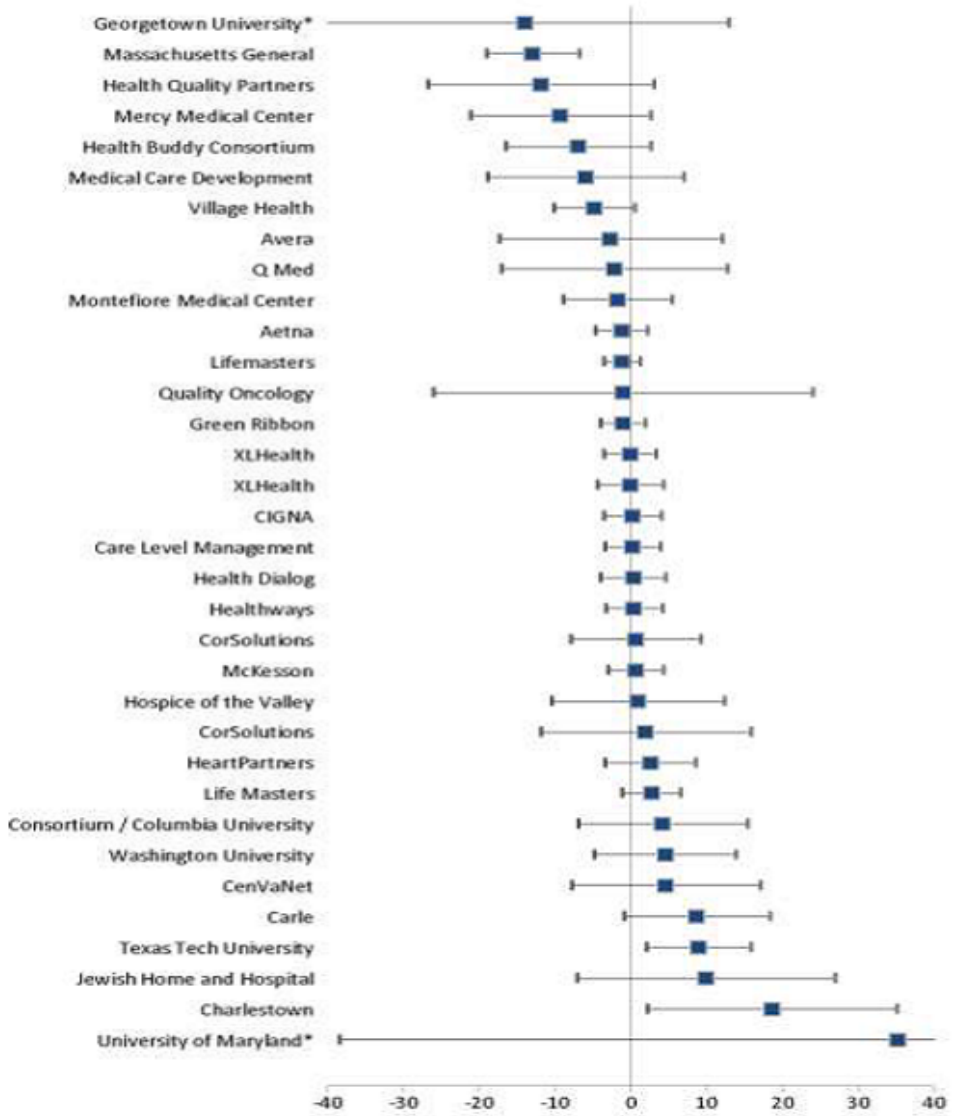
Intervention

- Care managers embedded in primary care practices to coordinate the care of patients at risk for poor outcomes
- Supported by health IT (universal EHR, patient tracking, home monitoring), mental health and Rx management resources

Typical Patient

Results 1

Figure 1.
Percentage Effect of Disease Management and Care Coordination Demonstrations on Regular Medicare Expenditures



Lessons from Medicare's Demonstration Projects on Disease Management and Care Coordination

Lyle Nelson

Congressional Budget Office

January 2012

Working Paper 2012-01

IMPACT OF ACOs

- CMS reports that the 20 Pioneer and 333 Shared Savings ACOs saved more than $411 million in 2014 while increasing quality measures over fee-for-service*
- An independent evaluation reported $384.2 million in savings from the Pioneer Model alone**
- Pioneer ACOs perform fewer low-benefit services***

*Medicare ACOs Continue to Improve Quality of Care, Generate Shared Savings, CMS Published online August 25, 2015. https://www.cms.gov/Newsroom/MediaReleaseDatabase/Press-releases/2015-Press-releases-items/2015-08-25.html

**Nyweide DJ, Lee W, Cuerdon TT, et al. Association of Pioneer Accountable Care Organizations vs traditional Medicare fee for service with spending, utilization, and patient expereience. JAMA 2015; 313:2152-61

***Schwartz AL, Chernew ME, Landon BE, McWilliams J. Changes in Low-Value Services in Year 1 of the Medicare Pioneer Accountable Care Organization Program. *JAMA Intern Med.* Published online September 21, 2015. http://archinte.jamanetwork.com/article.aspx?articleid=2442504

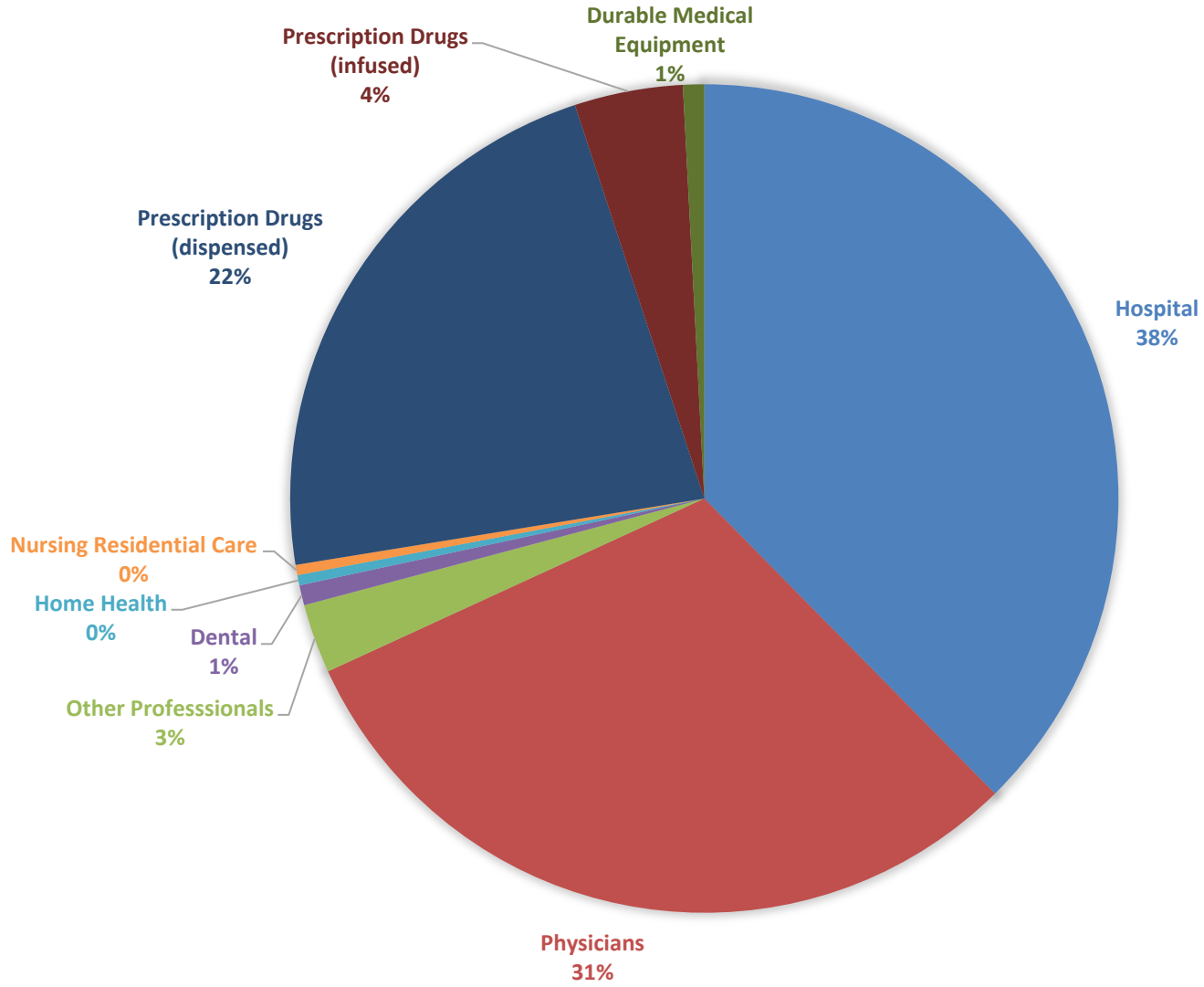
ACO Results (Cont.)

- Health Care reform (including ACOs) slowed growth
  - Real per person/year medical spend 0.9% 2011-13
- But rate of growth has increased again
  - 3.4% 2014-16. (DM Cutler JAMA Aug 17)
  - Demographic trends ensure increased demand/utilization
  - Technological advances increase unit costs
  - ACOs may drive up price by consolidation/market impact
  - 13/32 original Pioneer ACOs dropped out….

Pharmacy in the ACO

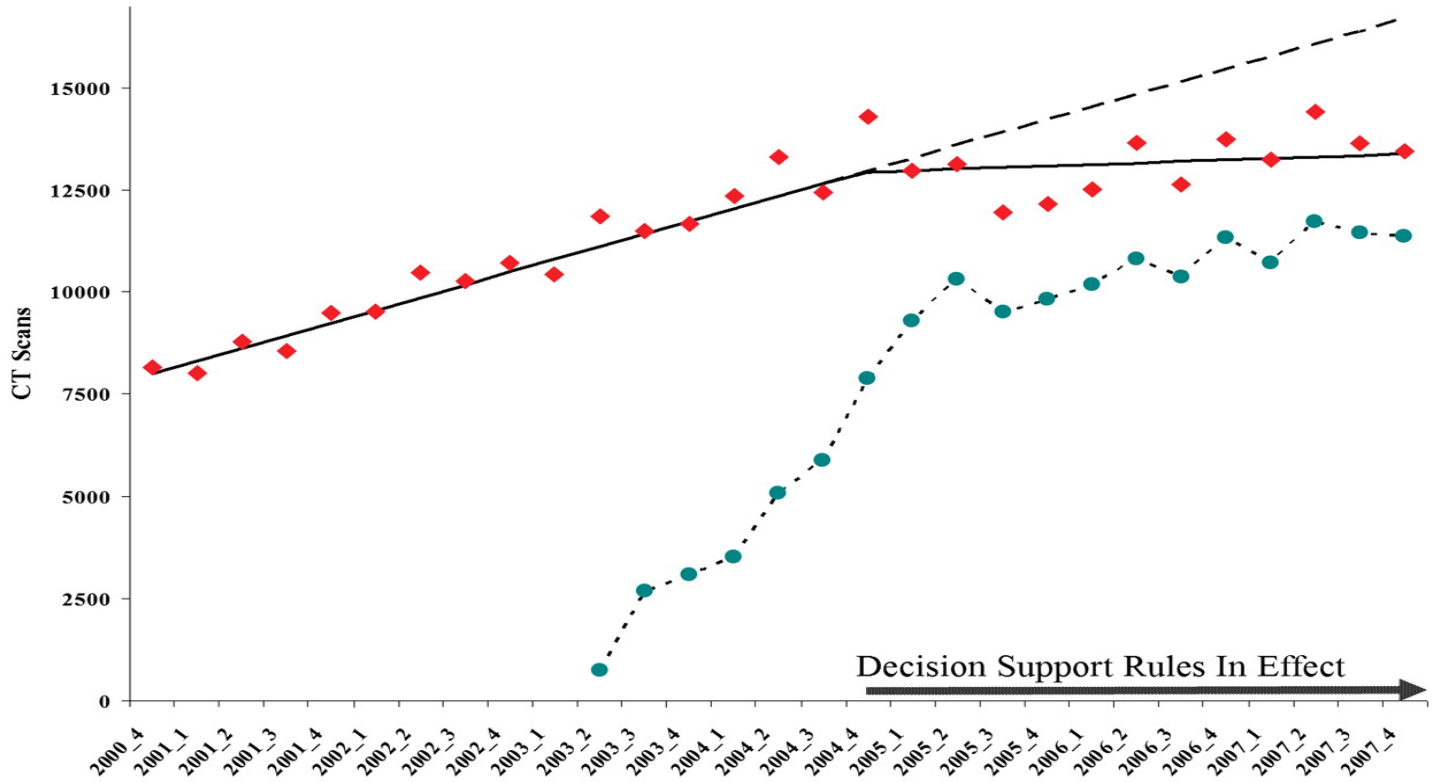
- Academic detailing
- Therapeutic substitution
- EMR-based decision support (CDS)
- Prescriber Variation Reporting
- Adherence
- Big focus on Specialty Drugs
  - Medical vs Pharmacy budget

COMMERCIAL PAYERS, MAJOR CATEGORIES

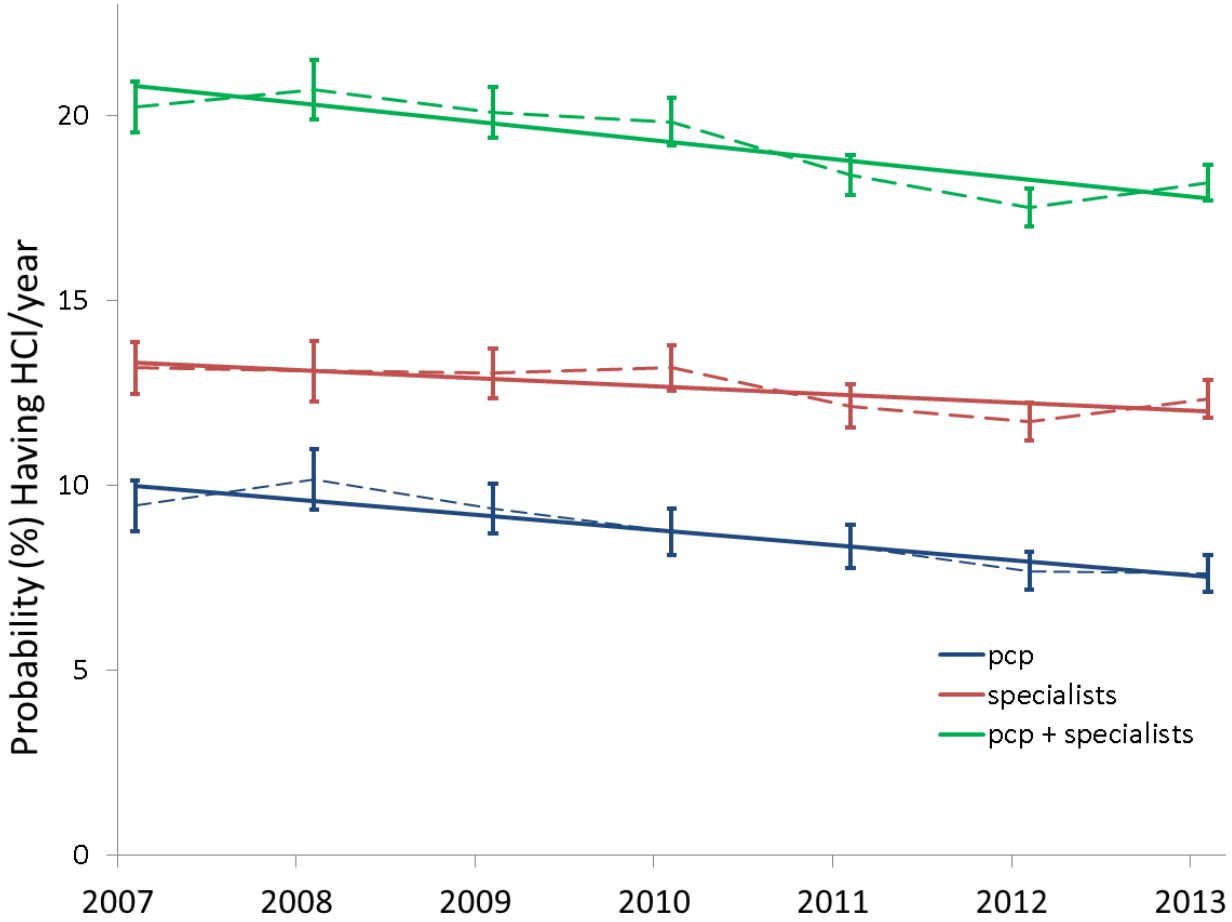


Bending the cost curve

Sistrom et al Radiology 2007



Impact of CDS on Imaging



Weilburg et al Radiology 2017

Drill Down into Pharmacy - Generic

Pharmacy Generic Variation

MG Medicine Associates - Chelsea HC Internal Medicine Assoc General Medicine

Visits from Jul 1, 2015 to Dec 31, 2015

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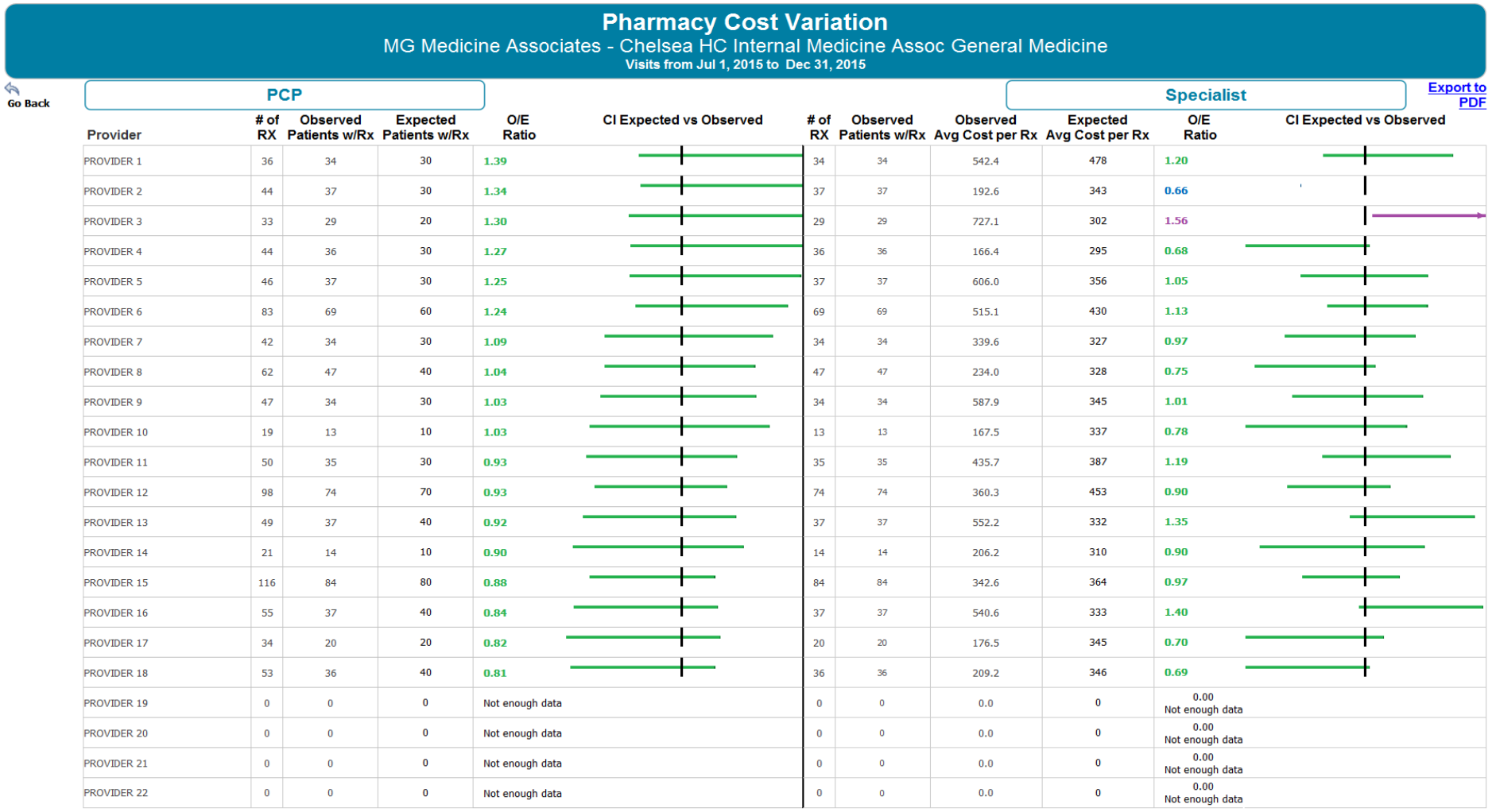
Provider	PCP # of RX	PCP Observed Generic	PCP Expected Generic	PCP O/E Ratio	Specialist # of RX	Specialist Observed Generic	Specialist Expected Generic	Specialist O/E Ratio
PROVIDER 1	2	100.0%	94.1% (94.1%-94.1%)	1.06	2	100.0%	90.2% (89.1% -91.2%)	1.11
PROVIDER 2	116	100.0%	95.2% (91.5%-98.8%)	1.05	60	93.8%	91.1% (82.0% -100.2%)	1.03
PROVIDER 3	264	99.2%	94.7% (93.1%-96.3%)	1.05	100	84.7%	91.2% (82.2% -100.3%)	0.93
PROVIDER 4	364	98.9%	94.8% (92.3%-97.3%)	1.04	109	85.2%	91.2% (84.7% -97.8%)	0.93
PROVIDER 5	250	99.2%	95.1% (92.1%-98.1%)	1.04	105	86.1%	91.4% (84.7% -98.2%)	0.94
PROVIDER 6	183	98.9%	94.9% (92.2%-97.6%)	1.04	107	99.1%	91.1% (87.4% -94.8%)	1.09
PROVIDER 7	545	99.1%	95.4% (93.8%-96.9%)	1.04	319	91.7%	91.8% (87.7% -95.8%)	1.00
PROVIDER 8	345	98.3%	95.2% (92.4%-98.0%)	1.03	127	85.8%	91.8% (84.4% -99.2%)	0.93
PROVIDER 9	596	97.4%	95.1% (93.4%-96.9%)	1.02	270	93.1%	91.3% (87.7% -94.9%)	1.02
PROVIDER 10	85	96.6%	94.9% (87.6%-102.2%)	1.02	39	100.0%	91.1% (90.6% -91.5%)	1.10
PROVIDER 11	264	96.7%	95.1% (92.1%-98.1%)	1.02	84	94.4%	91.5% (85.1% -98.0%)	1.03
PROVIDER 12	258	96.3%	94.9% (92.4%-97.4%)	1.01	134	93.7%	91.2% (87.3% -95.1%)	1.03
PROVIDER 13	681	96.3%	95.2% (93.2%-97.2%)	1.01	226	89.3%	91.6% (87.2% -95.9%)	0.98
PROVIDER 14	173	96.1%	95.2% (90.9%-99.6%)	1.01	118	100.0%	91.4% (91.1% -91.7%)	1.09
PROVIDER 15	300	95.8%	95.0% (92.4%-97.5%)	1.01	146	90.1%	91.3% (87.3% -95.3%)	0.99
PROVIDER 16	277	95.5%	95.1% (90.4%-99.7%)	1.00	113	81.9%	91.3% (84.4% -98.2%)	0.90
PROVIDER 17	395	94.7%	94.7% (91.5%-97.9%)	1.00	159	98.8%	91.3% (87.9% -94.7%)	1.08
PROVIDER 18	240	94.9%	94.9% (90.6%-99.2%)	1.00	68	91.9%	91.0% (84.4% -97.7%)	1.01
PROVIDER 19	76	90.5%	94.9% (86.4%-103.5%)	0.95	80	95.2%	91.3% (81.9% -100.6%)	1.04
PROVIDER 20	0	0.0%	0.0% (0.0%-0.0%)	Not enough data	0	0.0%	0.0% (0.0% -0.0%)	Not enough data
PROVIDER 21	0	0.0%	0.0% (0.0%-0.0%)	Not enough data	0	0.0%	0.0% (0.0% -0.0%)	Not enough data
PROVIDER 22	0	0.0%	0.0% (0.0%-0.0%)	Not enough data	0	0.0%	0.0% (0.0% -0.0%)	Not enough data

Tendency to Prescribe Generic: 0 0.2 0.4 0.6 0.8 1 1.2 1.4 1.6 1.8 2

Key:

- Significantly higher than the study mean
- Not significantly different from the study mean
- Significantly lower than the study mean

Drill Down into Pharmacy - Cost



Pharmacy Cost Variation

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	PCP					Specialist					
Provider	# of RX	Observed Patients w/Rx	Expected Patients w/Rx	O/E Ratio	CI Expected vs Observed	# of RX	Observed Patients w/Rx	Observed Avg Cost per Rx	Expected Avg Cost per Rx	O/E Ratio	CI Expected vs Observed
PROVIDER 1	36	34	30	1.39		34	34	542.4	478	1.20	
PROVIDER 2	44	37	30	1.34		37	37	192.6	343	0.66	
PROVIDER 3	33	29	20	1.30		29	29	727.1	302	1.56	
PROVIDER 4	44	36	30	1.27		36	36	166.4	295	0.68	
PROVIDER 5	46	37	30	1.25		37	37	606.0	356	1.05	
PROVIDER 6	83	69	60	1.24		69	69	515.1	430	1.13	
PROVIDER 7	42	34	30	1.09		34	34	339.6	327	0.97	
PROVIDER 8	62	47	40	1.04		47	47	234.0	328	0.75	
PROVIDER 9	47	34	30	1.03		34	34	587.9	345	1.01	
PROVIDER 10	19	13	10	1.03		13	13	167.5	337	0.78	
PROVIDER 11	50	35	30	0.93		35	35	435.7	387	1.19	
PROVIDER 12	98	74	70	0.93		74	74	360.3	453	0.90	
PROVIDER 13	49	37	40	0.92		37	37	552.2	332	1.35	
PROVIDER 14	21	14	10	0.90		14	14	206.2	310	0.90	
PROVIDER 15	116	84	80	0.88		84	84	342.6	364	0.97	
PROVIDER 16	55	37	40	0.84		37	37	540.6	333	1.40	
PROVIDER 17	34	20	20	0.82		20	20	176.5	345	0.70	
PROVIDER 18	53	36	40	0.81		36	36	209.2	346	0.69	
PROVIDER 19	0	0	0	Not enough data		0	0	0.0	0	0.00 Not enough data	
PROVIDER 20	0	0	0	Not enough data		0	0	0.0	0	0.00 Not enough data	
PROVIDER 21	0	0	0	Not enough data		0	0	0.0	0	0.00 Not enough data	
PROVIDER 22	0	0	0	Not enough data		0	0	0.0	0	0.00 Not enough data	

Key:

- Significantly higher than the study mean
- Not significantly different from the study mean
- Significantly lower than the study mean

Price Setting

- Market? Regulation? Cost-effectiveness analysis (ICER)?
  - Indication-based pricing
    - ICER
  - P4P
    - Kymriah (Novartis): CMS
    - Repatha (Amgen), Trulicity (Lilly): HPHC

Institute for Clinical and Economic Review (ICER): Framework

"Sustainable High-Value Care for All"

"Long Term Value"	Short Term
Comparative Clinical Effectiveness	'Budget'
Estimated Incremental Cost Effectiveness	
Other benefits/costs/consequences	
Context	

Long term: cost offset over life of patient(s) Short: TME; 5 yr
EICE: $/QALY and actual drug price key issues
CCE: multiple sources of evidence (RCTs + 'RWD'); clarity of evidence provenance and limitations
Other/context: patients and system gain value outside purely clinical outcomes; medical care is evolving

Applicable to devices and care system improvements as well as drugs

“Quite simply: budget impact, and not long-term cost-effectiveness, determines how affordable health care insurance will be in coming years and shapes what health care can be provided with the resources available. And yet, the perverse influence of an undiluted focus on budget impact cannot be overstated. A narrow short-term perspective blinds policy makers, insurers, and providers to the need to forge efforts to reshape the delivery system and reframe payment mechanisms to “make room” for new, and potentially expensive interventions that will help patients and pay off in the end. Therefore, if an economic analysis of new interventions is focused only on the short term, relying solely on budget impact estimates, patients and the health care system will be the ultimate losers. “

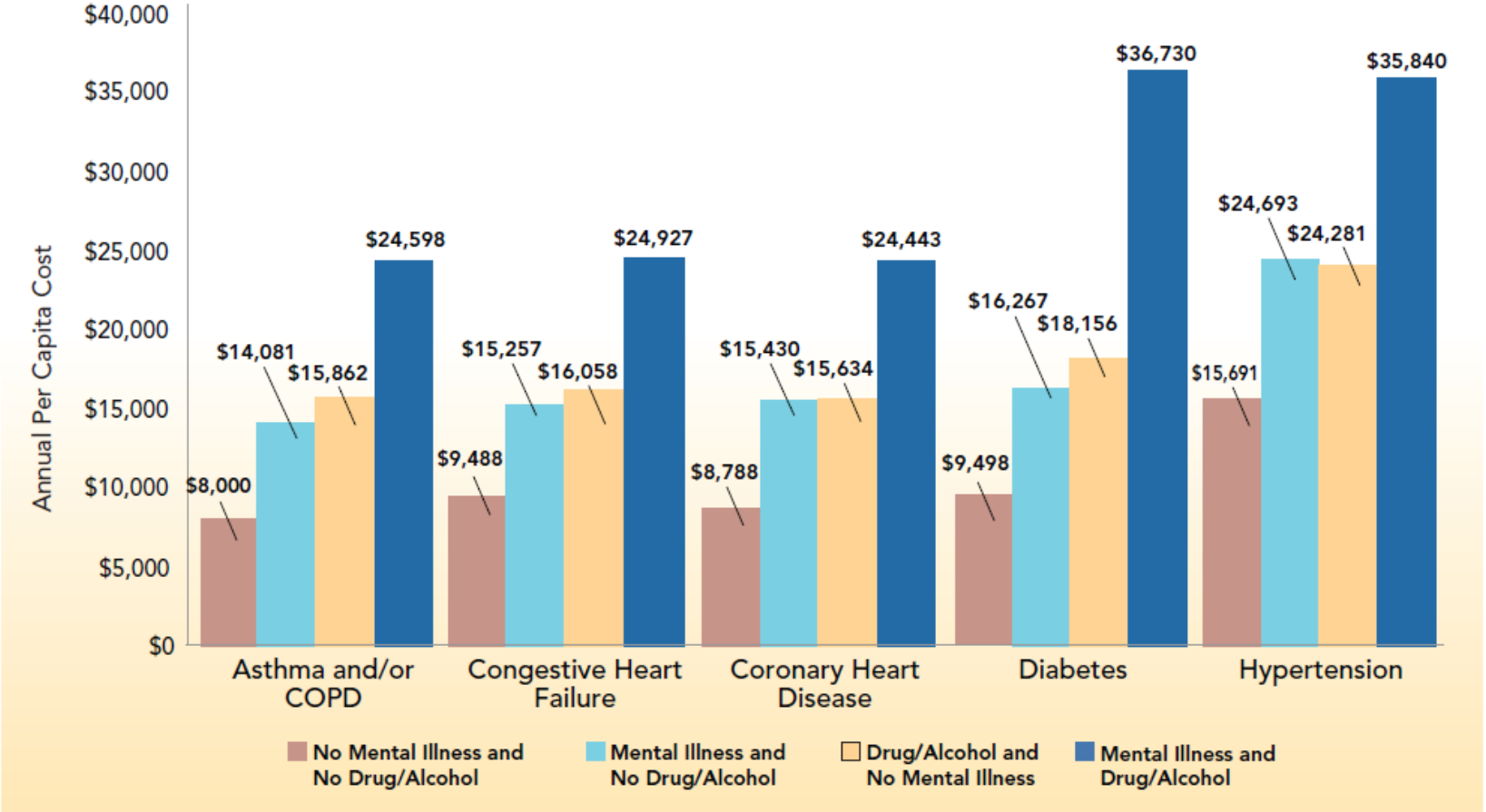
ICER

MH Pharmacy: Cost Offset

(Reuters Health July 17) – 'An effort by the Netherlands to save money on mental health care by raising patient co-pays produced $15 million in short-term savings but ended up adding $29 million to the costs of treating bipolar and psychotic disorders…'

JAMA Psychiatry July 17

Per Capita Medicaid Costs
Implications of Behavioral Health



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What does all this mean re my job?

- Perspective of your contact
  - Individual clinician, researcher, manager
- Show value
  - Individual patient
  - System (cost offset?)

Thank you…

- Questions?

Questions, Discussion