

# Understanding the Use of Accountable Care Organizations in Rural Health Care Settings

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# Context of Change

- Increasingly intensive focus on cost
- New models rolling out – ambulatory
- System expansion/growth
- Mergers, acquisitions, affiliations





# What It All Means

- A rural community focus
- What is needed?
- What do we have?
- How do we play in a way that sustains essential local services?



# Buzzwords of the day



- Value
- Patient-centered
- Choice
- Savings





# Health Care Organizations of the Future

- Accepting insurance risk
- Focus on population health
- Trimming organization costs
- Using the data being captured (e.g., electronic health records)
- Health care as retail business



# Implications

- Transitions have to be managed
- First do no harm
- Relationships among strange bedfellows (urban and rural, systems and independents, institutions and community-based providers)
- Value, value, value proposition is critical
- Flexibility in business plans means flexibility in policy models



# Welcome to the World of ACOs

- Not just a buzz word
- Is a new model, built on use of data systems and management strategies
- Provider systems focused on health



# They're Here .....

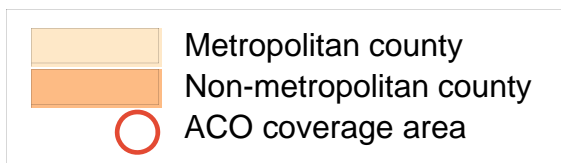
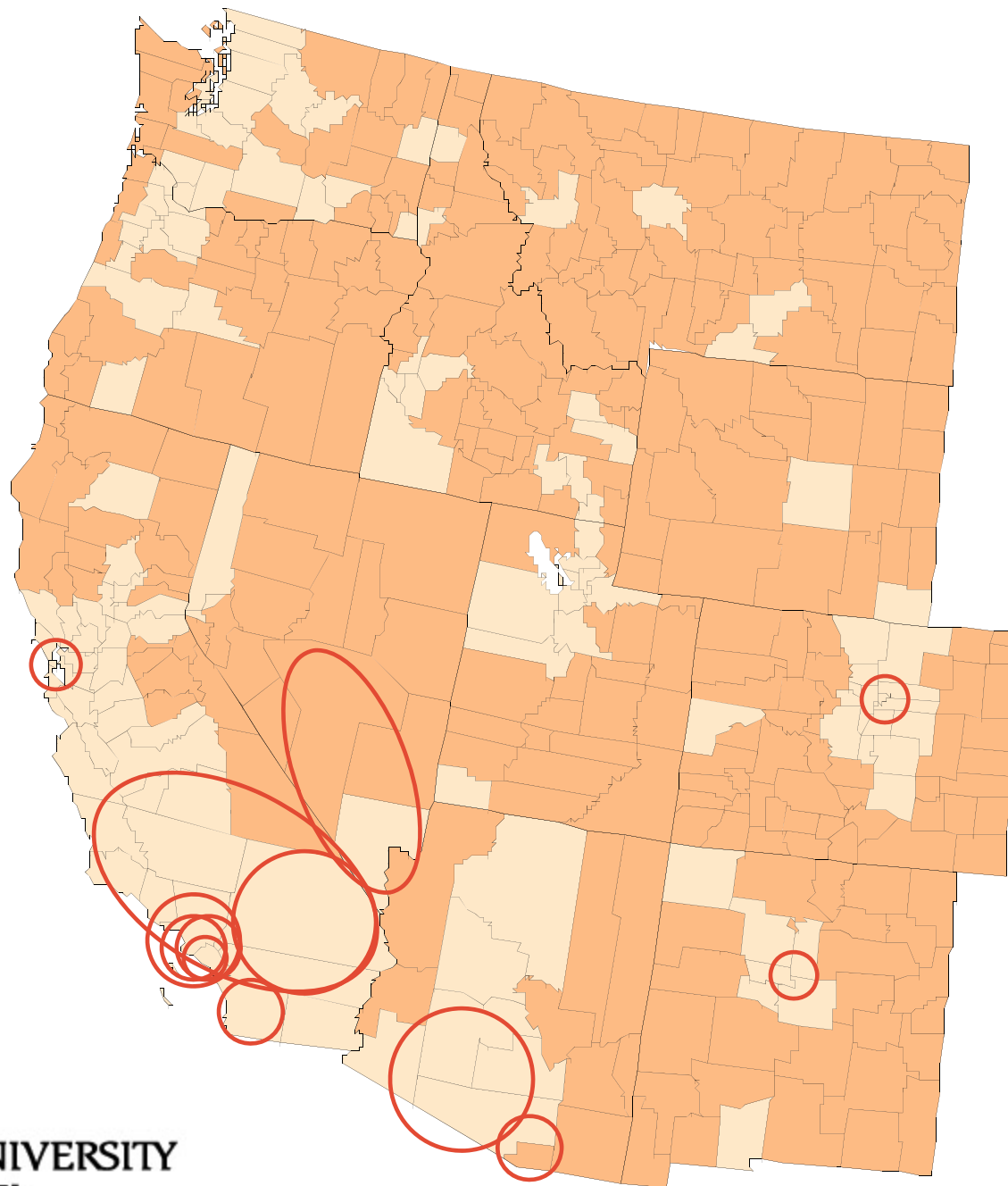


- Private started before Medicare
- Medicare Pioneer, MSSP, Advanced Payment
- Almost daily stories on more being formed
- And they are in rural places (the first 59 Medicare ACOs)



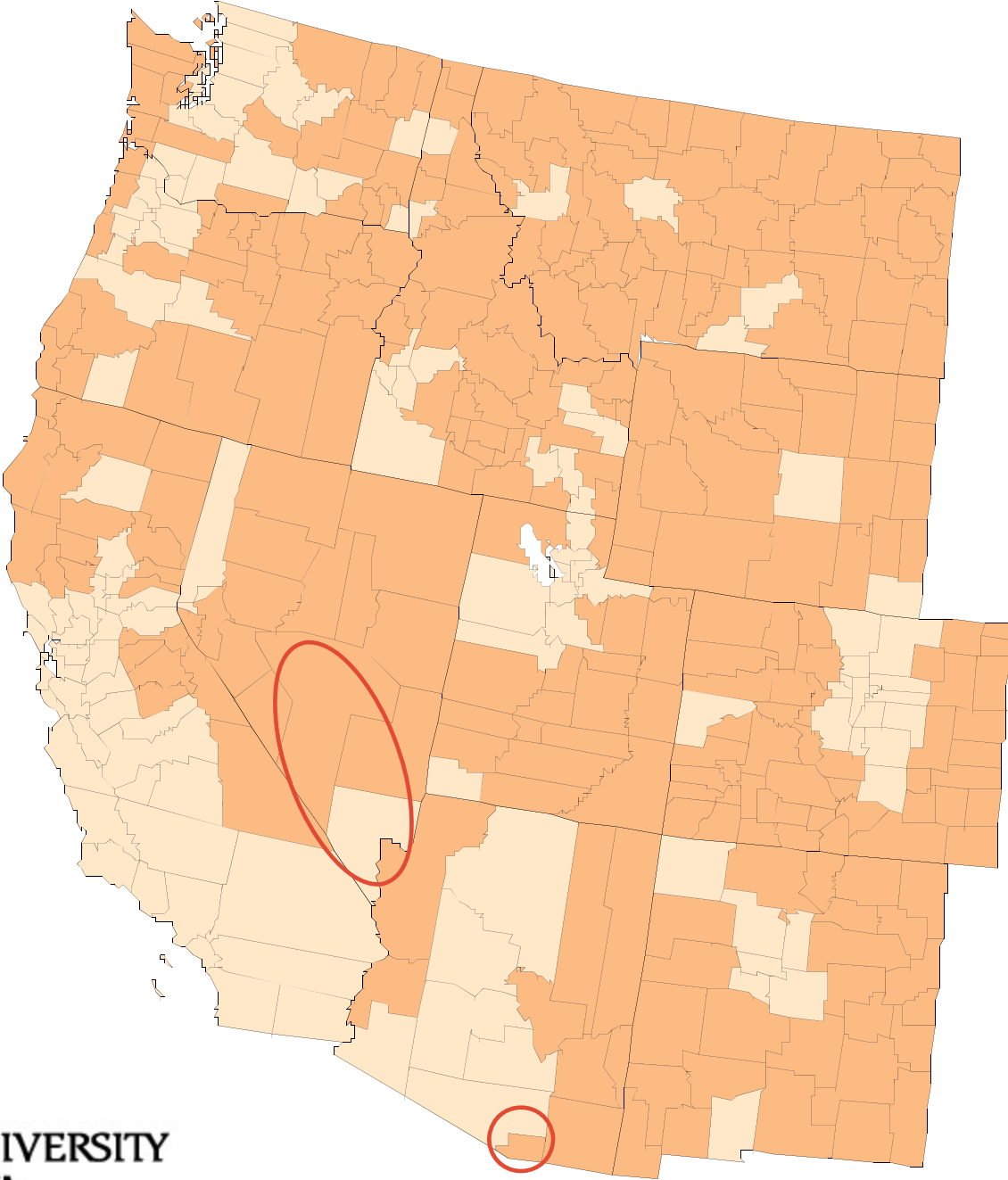
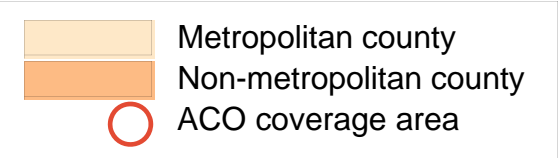
# Accountable Care Organizations

Pioneer and Shared Savings ACOs,  
Western Census Region



# Accountable Care Organizations

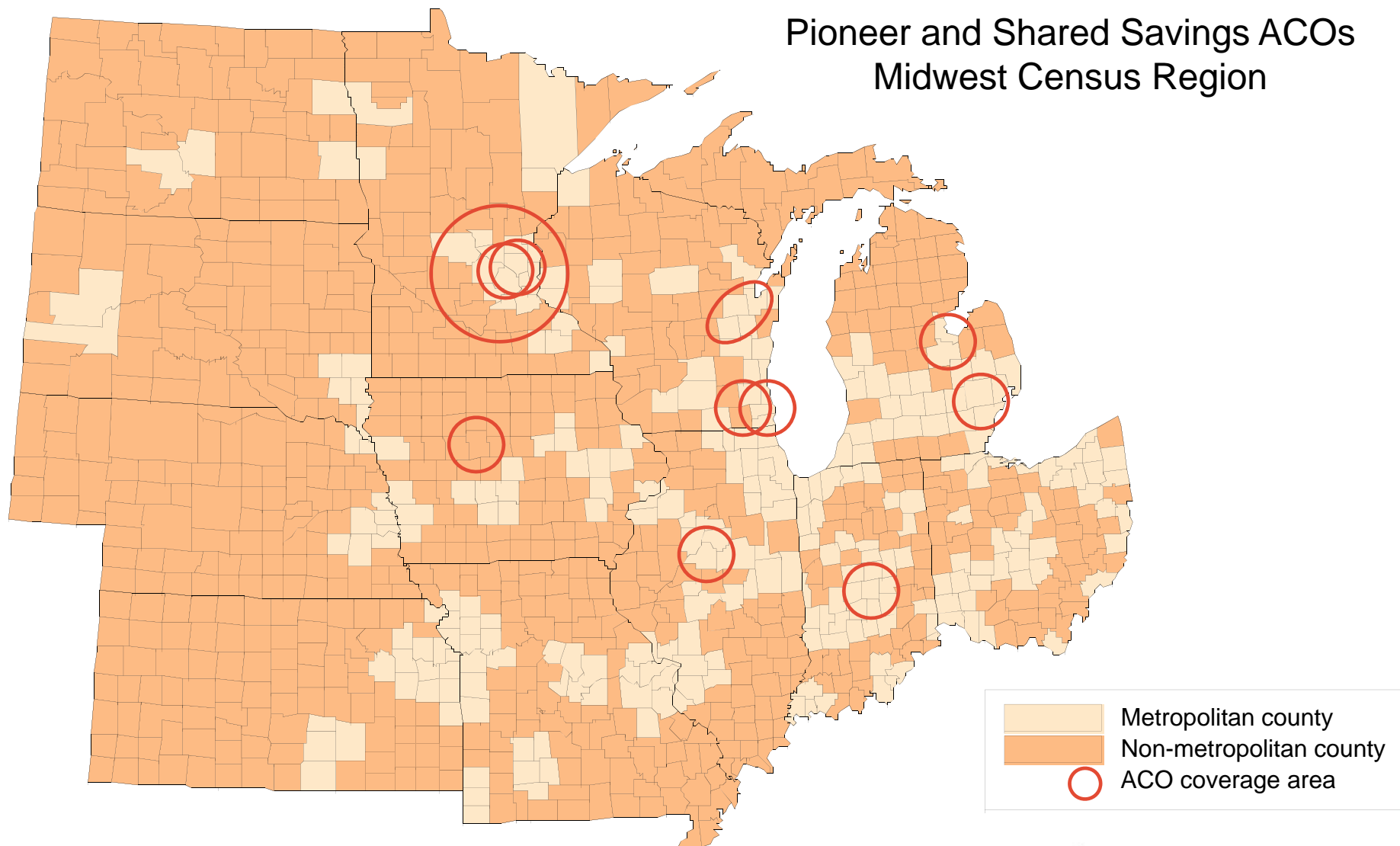
Pioneer and Shared Savings ACOs with rural coverage, Western Census Region





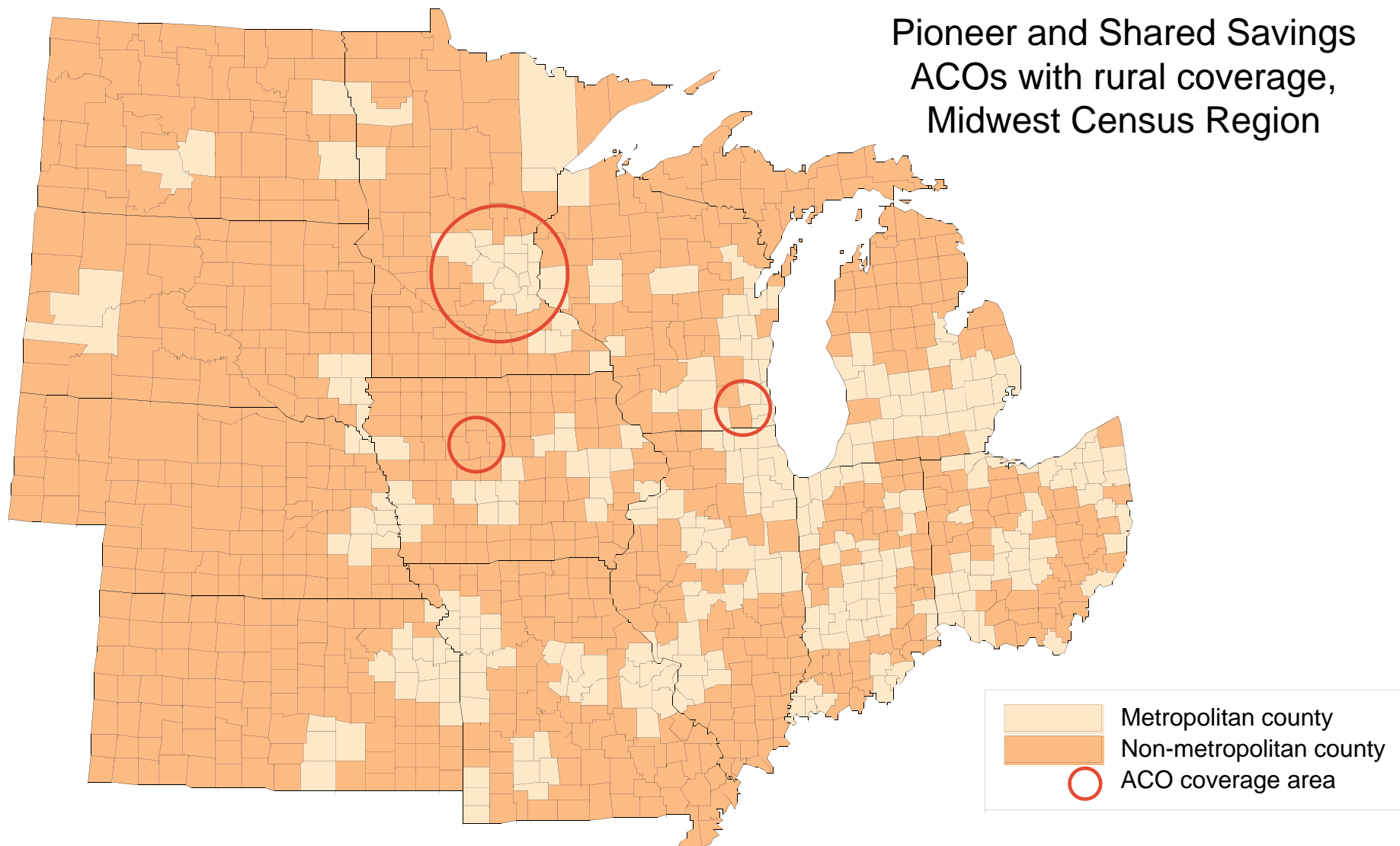
# Accountable Care Organizations

Pioneer and Shared Savings ACOs  
Midwest Census Region



# Accountable Care Organizations

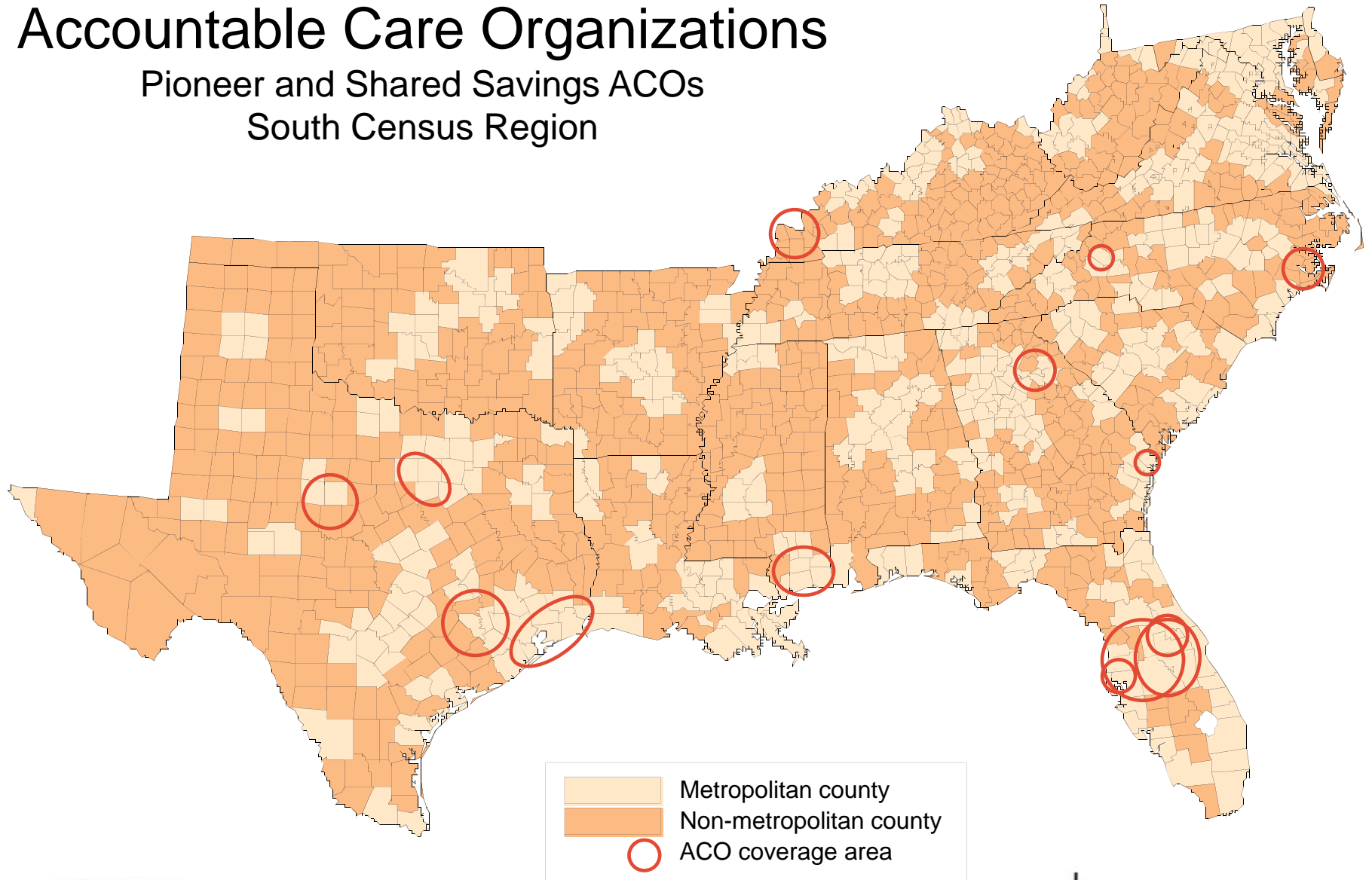
Pioneer and Shared Savings  
ACOs with rural coverage,  
Midwest Census Region





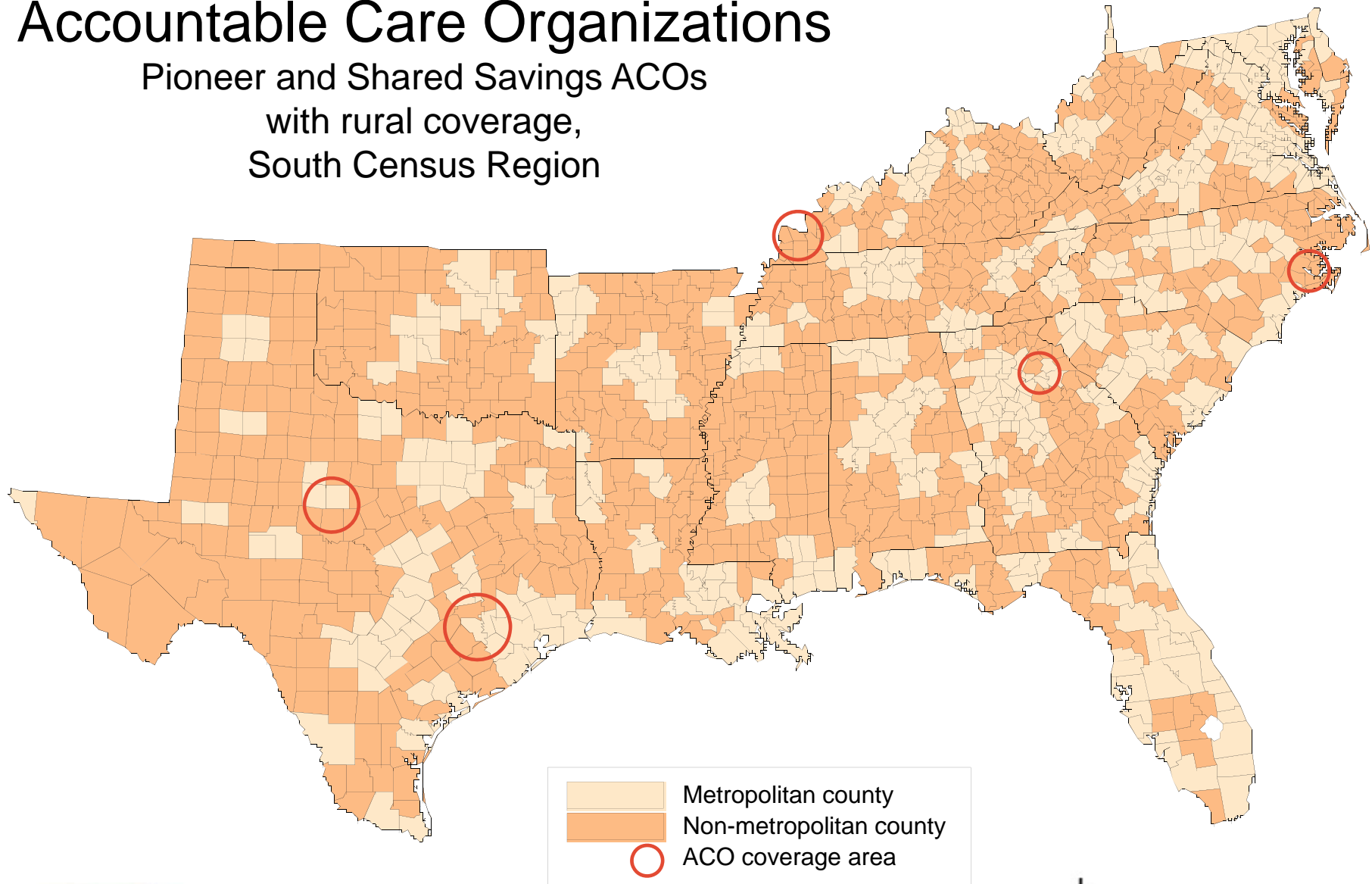
# Accountable Care Organizations

Pioneer and Shared Savings ACOs  
South Census Region



# Accountable Care Organizations

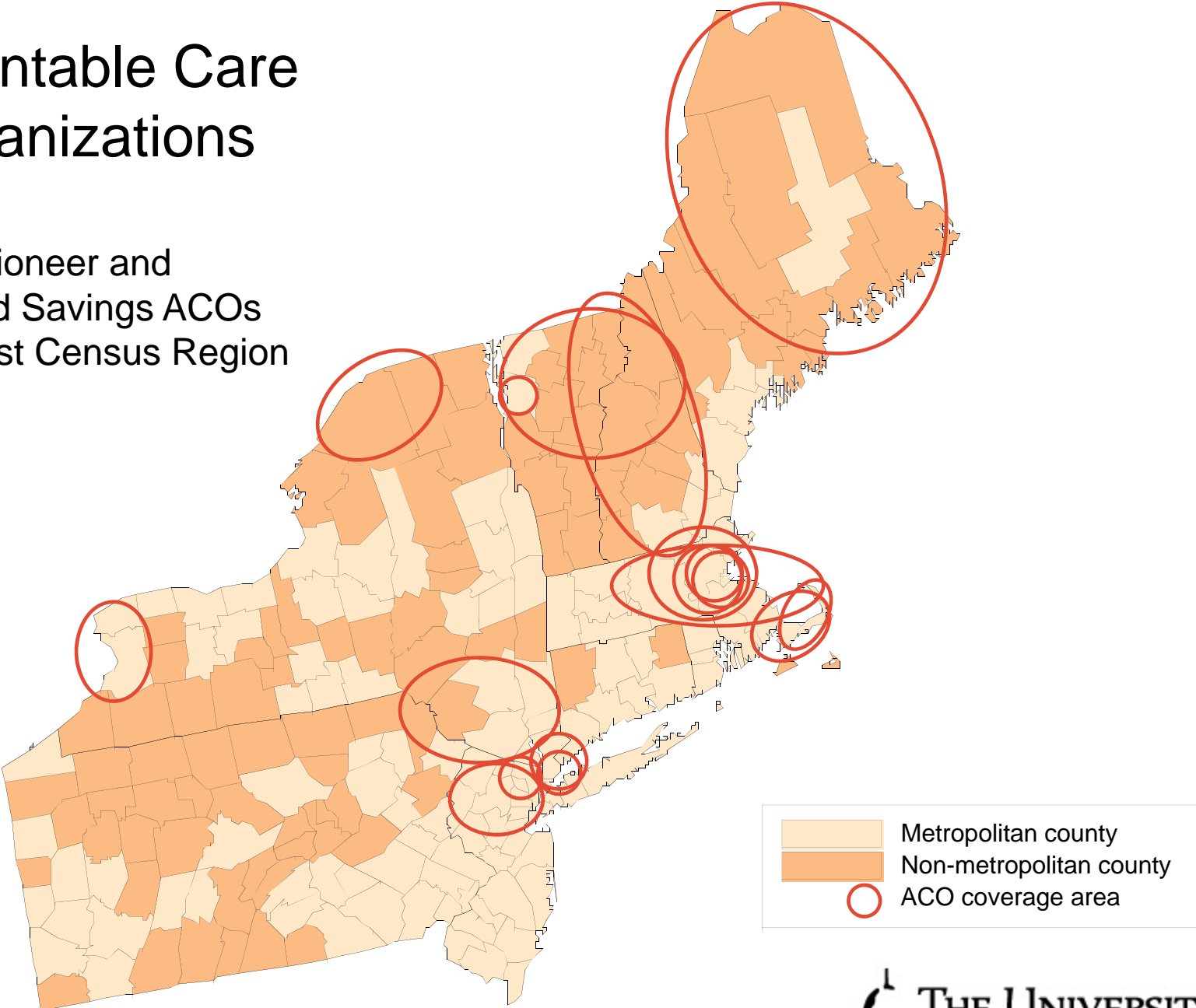
Pioneer and Shared Savings ACOs  
with rural coverage,  
South Census Region





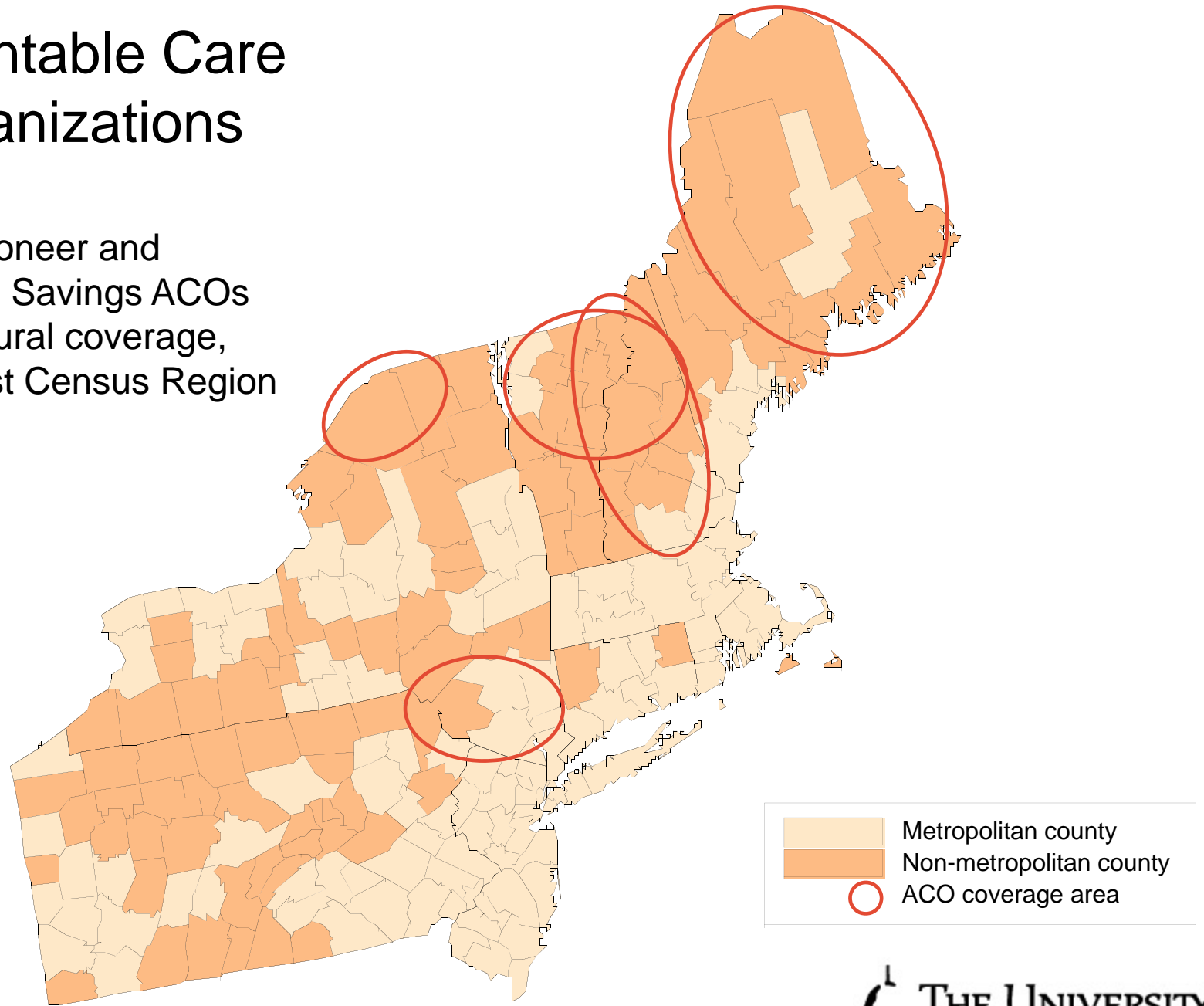
# Accountable Care Organizations

Pioneer and Shared Savings ACOs  
Northeast Census Region



# Accountable Care Organizations

Pioneer and Shared Savings ACOs with rural coverage, Northeast Census Region



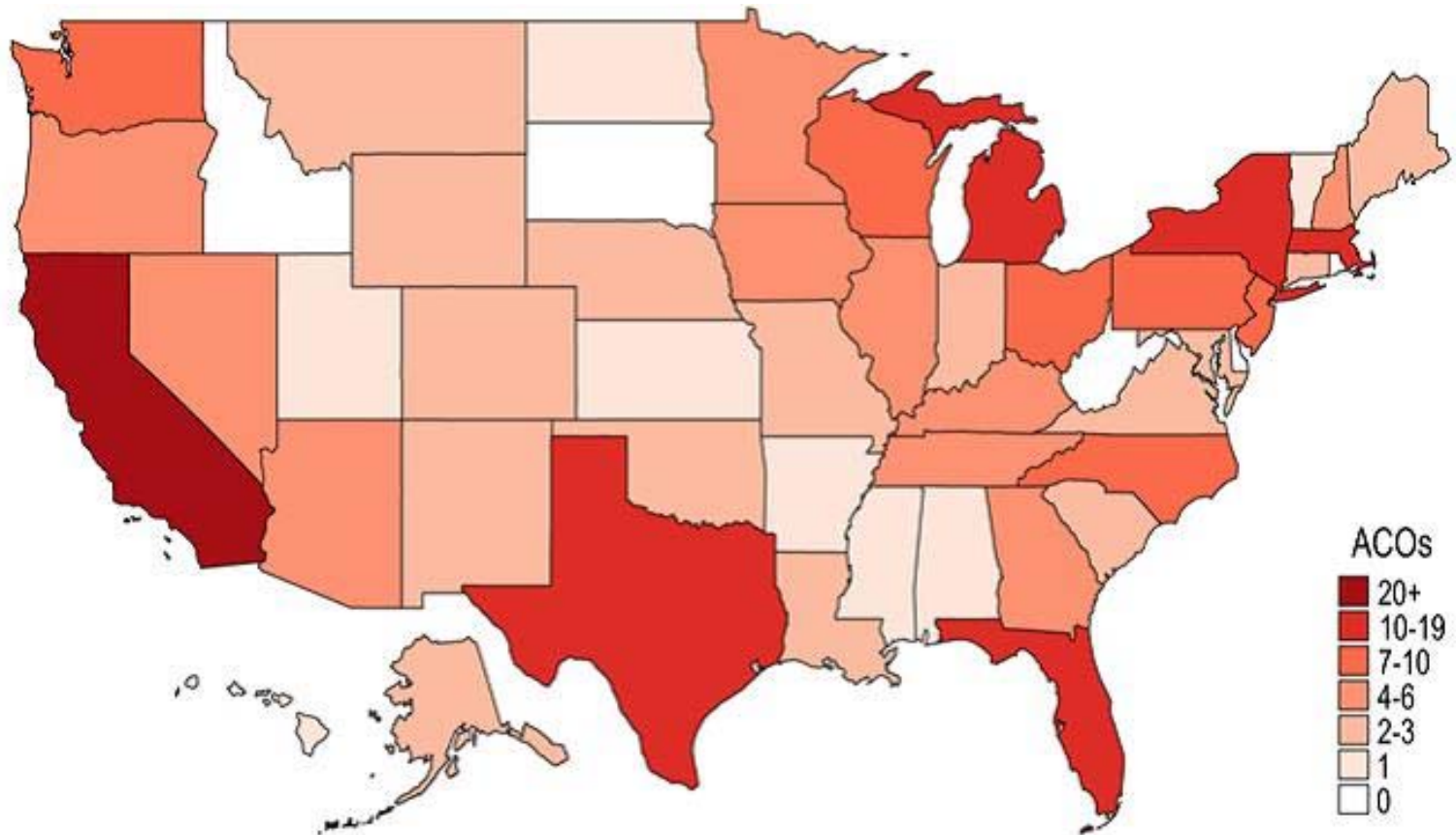
# Tally Sheet



- 32 Pioneer ACOs
- 116 MSSP ACOs
- 20 116 are Advanced Payment
- 221 private sector ACOs

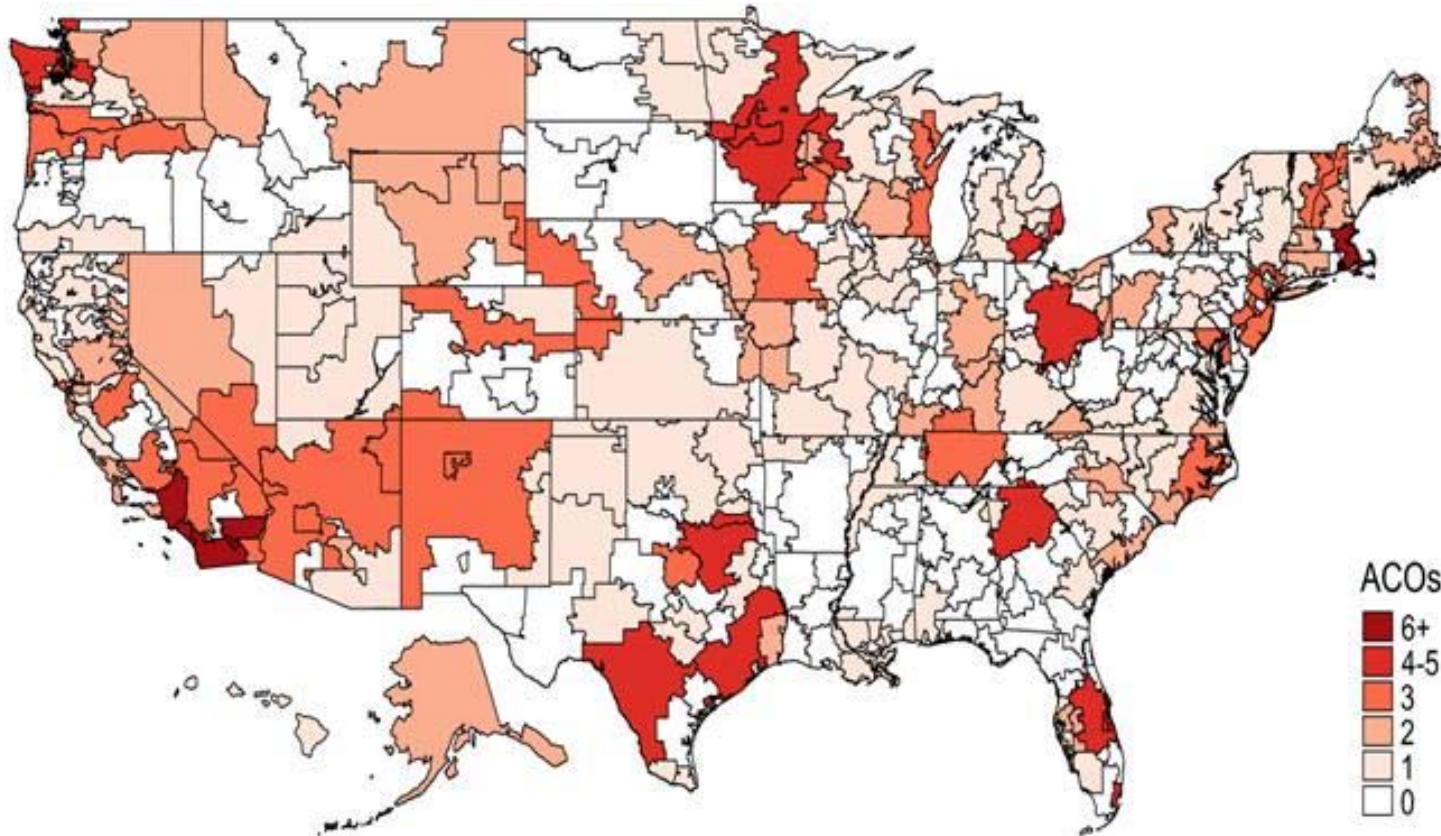


# ACO DISTRIBUTION BY STATE



Source: David Muhlestein, Andrew Croshaw, Tom Merrill, Cristian Pena.  
"Growth and Dispersion of Accountable Care Organizations: June 2012 Update."  
Leavitt Partners. Accessed August 20, 2012 from LeavittPartners.com

# ACO DISTRIBUTION BY HOSPITAL REFERRAL REGION



Source: David Muhlestein, Andrew Croshaw, Tom Merrill, Cristian Pena.  
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Leavitt Partners. Accessed August 20, 2012 from [LeavittPartners.com](http://LeavittPartners.com)



# ACOs in Region C

- Data from D Mulestein, A Croshaw, T Merrill, and C Pena, "Growth and Dispersion of Accountable Care Organizations: June 2012 Update." Leavitt Partners. Accessed August 20, 2012. [LeavittPartners.com](http://LeavittPartners.com)
- **IN:** 2 Hospital System, 1 Insurer
- **KS:** 1 Insurer
- **WI:** 7 Hospital System, 2 Physician Group, 1 Insurer
- **IA:** 3 Hospital System, 2 Insurer



# Continued

- **IL:** 2 Hospital System, 1 Physician Group, 1 Insurer
- **NE:** 2 Hospital System
- **MI:** 8 Hospital System, 3 Physician Group, 1 Insurer
- **MN:** 4 Hospital System, 2 Physician Group
- **OH:** 8 Hospital System, 1 Insurer
- **MO:** 3 Hospital System, 1 Insurer

# State Medicaid ACO Initiatives

- Colorado Accountable Care Collaborative: began pilot in 2011
- New Jersey Medicaid ACO Demonstration: authorizing legislation passed in 2011
- Oklahoma Accountable Care Organization for Dual Eligibles: PCCM program, contemplating Medicare ACO



# Continued

- Oregon Coordinated Care Organization Plan: authorizing legislation enacted in early 2012; implementation underway
- Utah Accountable Care Organization Program: Pending CMS waiver approval
- Source: Kaiser Commission Issue Paper, "Emerging Medicaid Accountable Care Organizations: The role of Managed Care." May, 2012.



# Are Rural Challenges Being Met?

- From Journal of Rural Health article by MacKinney, Mueller and McBride, Winter 2011
- Preserving rural autonomy
- Adapting rural practice design
- Adapting to low rural volumes
- Baseline against historical rural efficiency



# Are Rural Challenges Being Met?

- Meeting urban motivations in regional design
- Addressing urban provider cost structure
- Overcoming legal and regulatory barriers
- Accelerating learning curves for rural leaders





# Positioning Rural Providers

- Developing networks: exclusively rural, regional collaboratives, rural participation in large systems – best positioning for rural providers
- Understanding motivations of parties to negotiations: rural-urban, urban-rural, public-private, private-public
- Adopting best practices in patient care and clinic management
- Developing performance measures

# Considerations for Continued ACO Development in Rural Places

- Provider readiness/support
- Flexibility in design
- Effects on payment and revenue
- Part of the move to pay for value





# For Further Information

**The RUPRI Center for Rural Health Policy  
Analysis**

<http://cph.uiowa.edu/rupri>

**The RUPRI Health Panel**

<http://www.rupri.org>





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