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Accountable Care Organizations in Minnesota: The Potential for Integrated Systems of Care

May 18, 2010

George Isham, M.D., M.S.
Chief Health Officer
Donna Zimmerman

Senior Vice President Government and
Community Relations

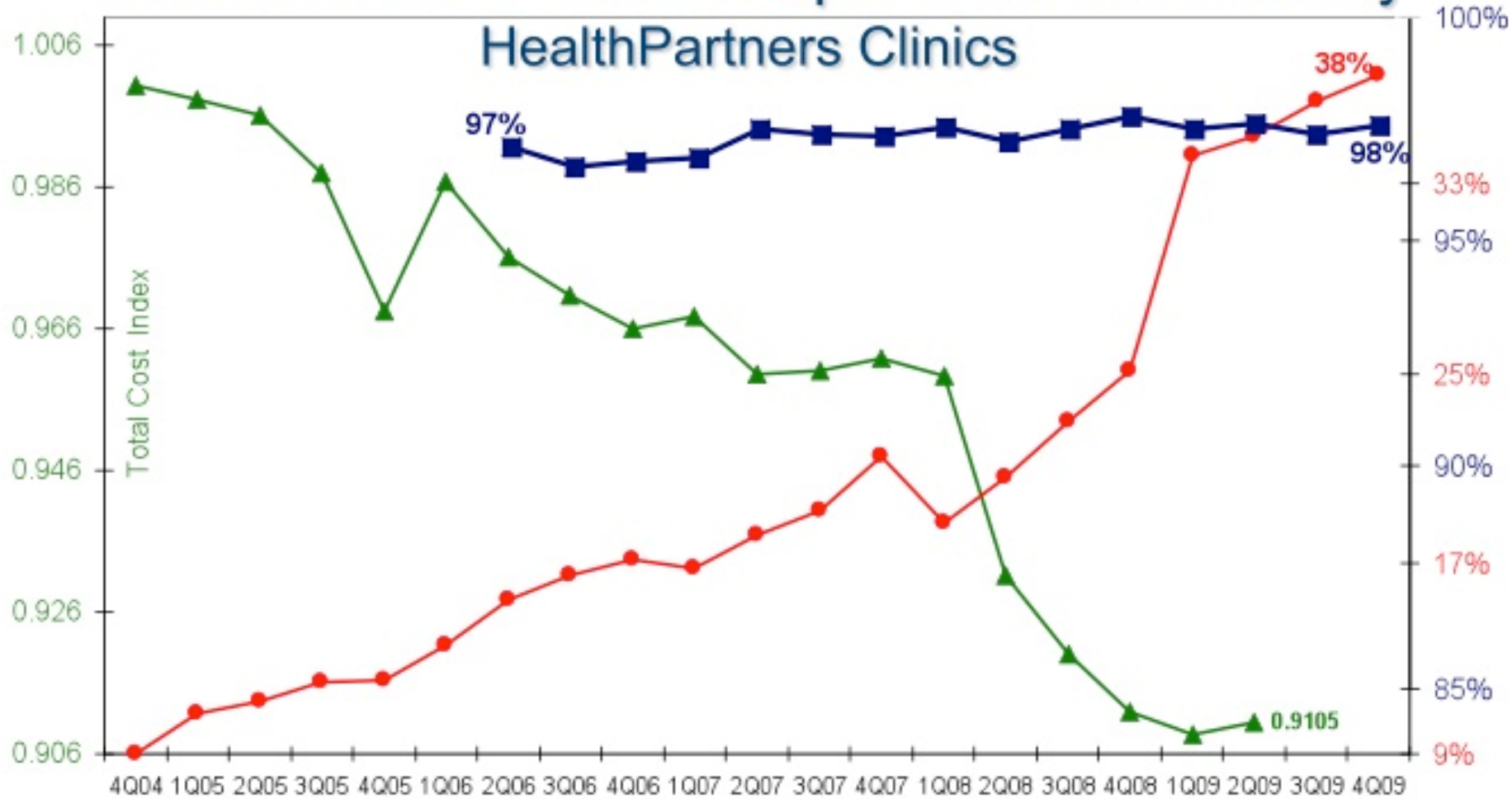
HealthPartners

- Integrated Care and Financing System
 - 10,300 employees
 - Medical Group – 400,000 patients
 - Nearly 700 physicians
 - Primary Care
 - Specialty Care
 - 35 medical and surgical specialties
 - Multi-payer
 - Hospital: 435 bed level I trauma center
 - urban teaching hospital
 - Non-profit health plan: 1.5 million members in Minnesota and surrounding states
 - Consumer governed
- Mission: To improve the health of our members, patients and the community.



TRIPLE AIM: Health-Experience-Affordability

HealthPartners Clinics



▲ Total Cost Index
(compared to statewide average)
< 1 is better than network average

● % patients with Optimal Diabetes Control*
* controlled blood sugar (per ICSI guideline A1C changed from < 7 to < 8 in 1st quarter 2008), BP & cholesterol, AND daily aspirin use, AND non-tobacco user

■ % patients "Would Recommend" HealthPartners Clinics

Total Cost of Care

- A method to measure the overall performance of a medical group relative to other groups
- Includes all costs associated with treating a patient's condition
 - Professional, facility inpatient and outpatient, pharmacy, lab, radiology, any other ancillary services
- Total cost of care is illness burden adjusted
- Patients are attributed to clinics based on the majority of primary care visits



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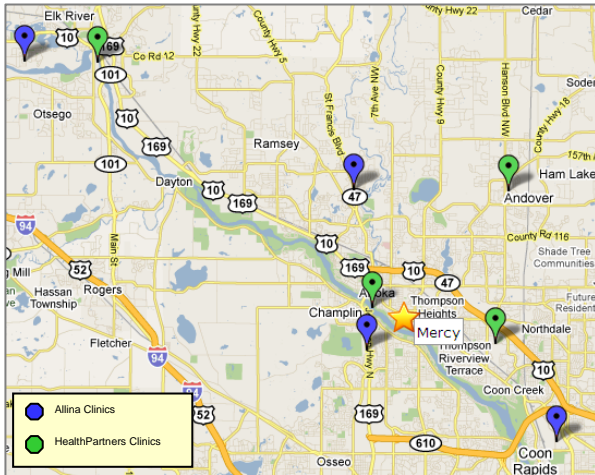
HealthPartners/Allina-Mercy Northwest Metro Collaboration

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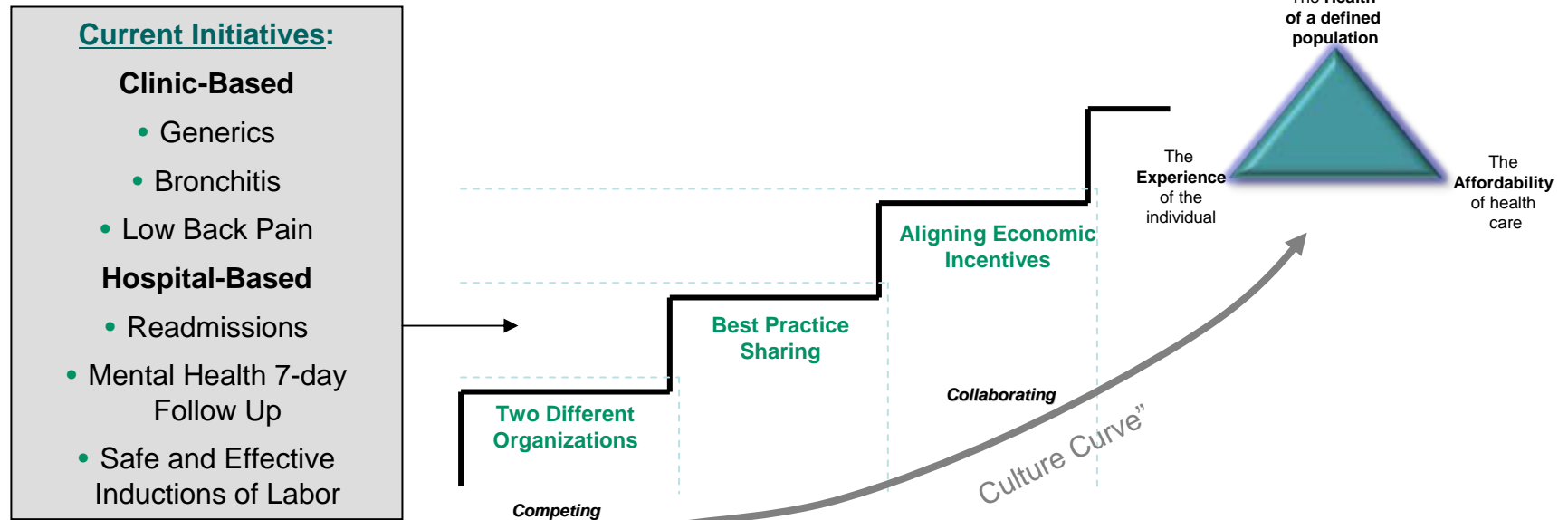
Northwest Metro Alliance

The Opportunity:

- HealthPartners Medical Group, Allina Medical Clinics, and Mercy Hospital care for nearly 300,000 people in Southern Sherburne and Anoka Counties (the NW Metro). The NW Metro Alliance was created to ensure the stability required for care and strategic integration
- The goals of the NW Metro Alliance are to improve the health of residents through a focus on the Triple Aim (see picture below), and to ensure the long-term viability of the healthcare providers and system in the area.
- Additional focus will be to coordinate planning for physician coverage to ensure the availability of providers, and to avoid duplicative capital expenditures.



Vision – The Triple Aim



Goals

- Improve the health of the residents in Southern Sherburne and Anoka County
- Enhance patient experience
- Improve affordability and total cost of care
- Improve long-term viability of the health care providers and systems in the region

Affiliation Agreement

- Overarching agreement that outlines the relationship
- Defines goals, principles and key measures
- Oversight Council
 - Structure and process for joint planning and joint venture developments (commitment to explore joint developments in the market)
 - Dispute resolution process that includes escalation to CEOs
- Clinical Services Committee
 - Physicians and other team members from HealthPartners and Allina jointly plan triple aim improvements
 - Project manager to support
- 7 year term

HP and Mercy/Allina Clinics Special Payer Agreement

- Creates shared “triple aim” goals
 - Health and Experience
 - Total cost of care goal to moderate trend compared to metro market
- Shared financial risk (withholds and incentives) for Mercy, Allina Clinics and HealthPartners Clinics
- HealthPartners Clinics’ commitment to use Mercy Hospital
- 7 year term

ACOs –Challenges and Opportunities

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ACOs – Some Challenges

- Conflicting methods for defining ACOs, setting spending benchmarks, and tracking performance (weak cost and quality metrics)
- Lack of technical knowledge and trust among physicians, hospitals and payers
- Crucial lack of leadership, culture, knowledge, and management skills.

Modified from McClellan M. et al., A National Strategy To Put Accountable Care Into Practice. Health Affairs 20. No. 5 (2010): 982-990.

ACOs – Some Challenges

- Concern that ACOs would exacerbate the trend to provider concentration and “make it easier for providers to collude to raise costs.” *

*Modified from McClellan M. et al., *A National Strategy To Put Accountable Care Into Practice*. Health Affairs 20. No. 5 (2010): 982-990.

See also, Berenson, Ginsburg, and Kemper. *Unchecked Provider Clout in California Foreshadows Challenges to Health Reform*. Health Affairs 29, No.4 (2010)

And, State Of Massachusetts, Office of the Attorney General Martha Coakley. *Investigation of Health Care Cost Trends and Cost Drivers: Preliminary Report*, January 29, 2010.

ACOs – Some Opportunities

- Focus on requiring performance against triple aim outcomes – Patient Experience, Improved Health, Lower Costs.
- Flexibility - Specifying Structure and Process too early will be a Big, Big Mistake.
- Create incentives for Performance against triple aim outcomes with incentives.

ACOs – Some Opportunities

- Ultimately, aim to move away from FFS and Unit Payment
- Leverage the experience, skills and motivation that exists in today's providers and payers

Health Plans Have Unique Perspectives and Capabilities

- Have a comprehensive population view
- Look at **Cost, Experience, Health Care** and **Health** – the Triple Aim.
- Have data from multiple sources and perspectives including claims, surveys, and medical records with benchmarks
- Are experienced at evaluating and managing risk
- Are experienced at managing provider networks.

Health Plans Have Unique Perspectives and Capabilities -

- Can reach every one in the population to promote health and better care
- Are sophisticated users of information systems, analytics, lean process improvement tools, care management and quality improvement techniques
- The best are good integrators of care with their delivery systems to produce value
- The best tailor their approaches to the specific needs of their purchaser customers