

THE ACO RISK TRANSITION TRIANGLE

A Success Strategy for ACOs with Downside Risk

Salient Healthcare and ACOExhibitHall.com

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CMS “PATHWAYS” TO RISK



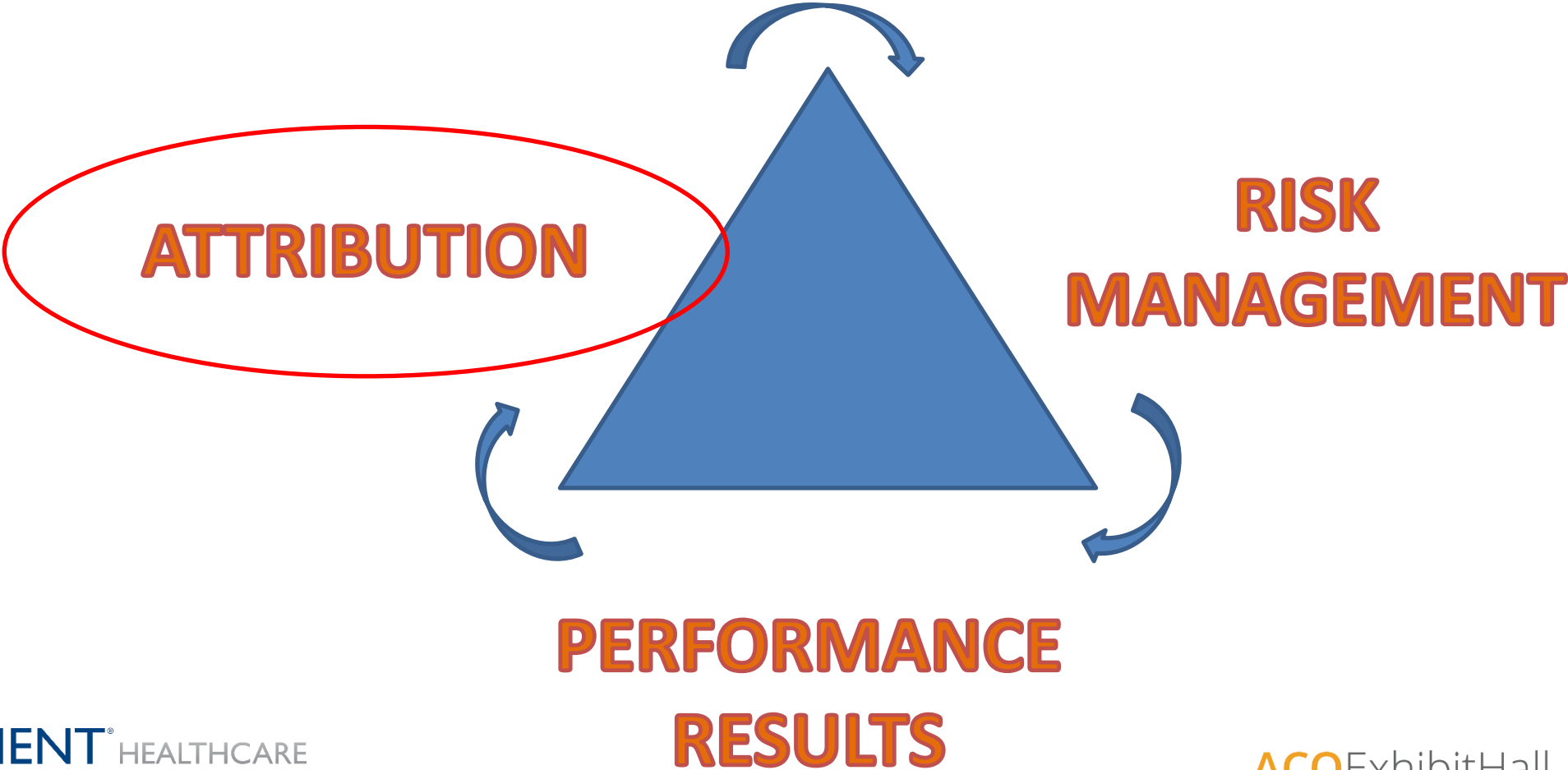
The ACO Growth Conundrum:

“... Our [CMS] redesign of the program [MSSP], now known as “Pathways to Success,” puts ACOs on a quicker path to taking on real risk...

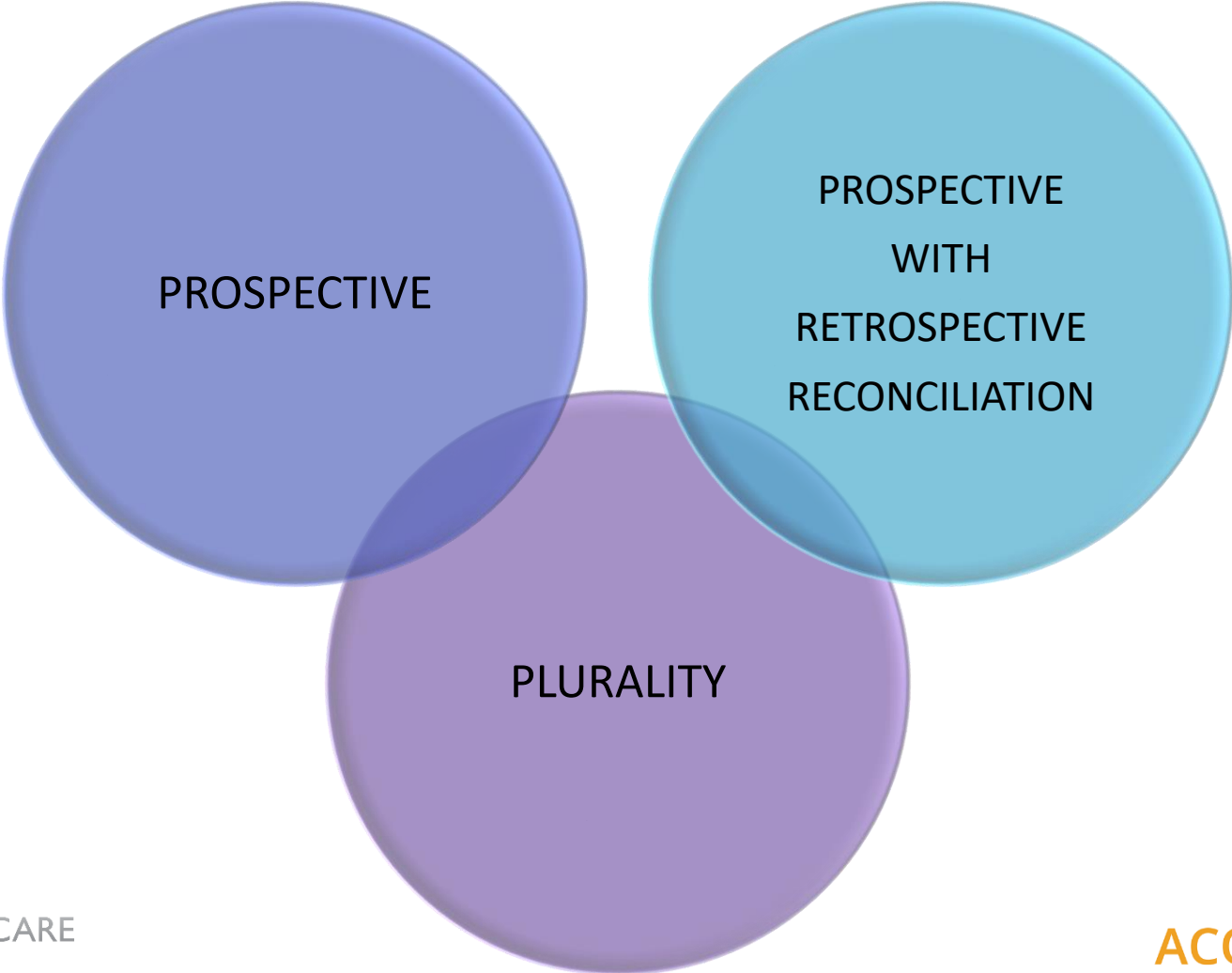
Savings tend to increase as health care providers take on more risk, but even high levels of risk do not guarantee that a model will result in overall savings. ”

(Source: Seema Verma, “Number of ACOs Taking Downside Risk Doubles Under ‘Pathways To Success’, Health Affairs Blog, January 10, 2020)

ACO GROWTH MODEL: THE RISK TRANSITION TRIANGLE



ATTRIBUTION METHODOLOGY



POPULATION ATTRIBUTION

Use data analytics to assess risk readiness based on attribution KPIs




% Continuously Attributed



POPULATION ATTRIBUTION

Use data analytics to assess risk readiness based on attribution KPIs

% of Beneficiaries Seen Per Quarter		
View Context		
Date ^	Attributed Beneficiaries	% of Beneficiaries w Primary Care
Q2 2015	12,105	65.7 ●
Q3 2015	12,104	56.1 ●
Q4 2015	12,189	64.4 ●
Q1 2016	11,051	60.4 ●
Q2 2016	10,901	59.1 ●
Q3 2016	10,776	50.8 ●
Q4 2016	10,648	55.0 ●
Q1 2017	10,467	57.4 ●



% Seen on a Quarterly Basis



POPULATION ATTRIBUTION

Use data analytics to assess risk readiness based on attribution KPIs

IF YOU CAN'T MEET THESE EXPECTATIONS, YOU'RE NOT READY TO MOVE DOWN THE GLIDE PATH



AWV % Completion

MANAGING & GROWING MARKET SHARE

BEING PROACTIVE

ADDING TINs

ASSIGNABLES

Financial Details

View Context

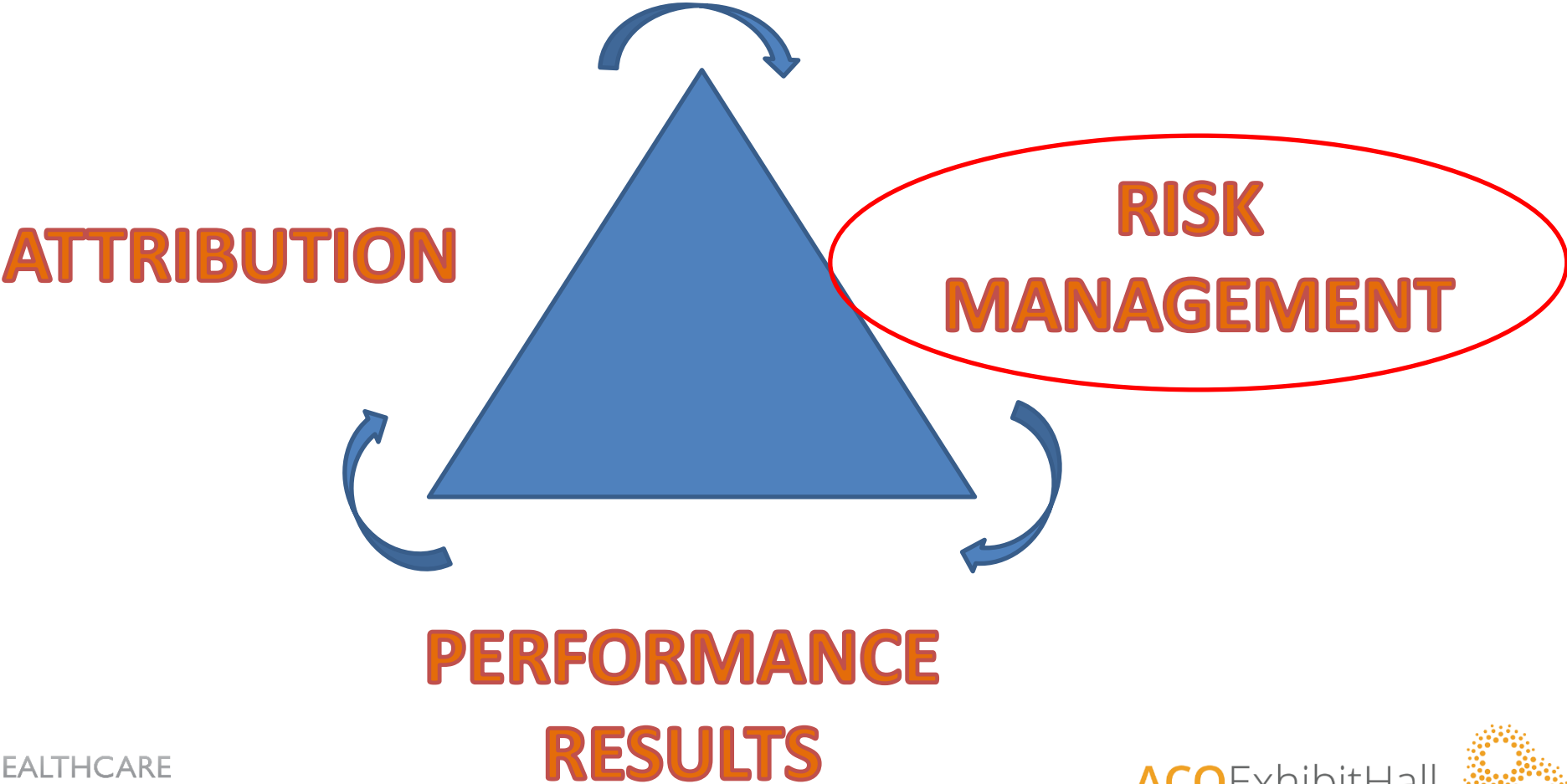
ACO • Office • Family practice

Pay To Provider

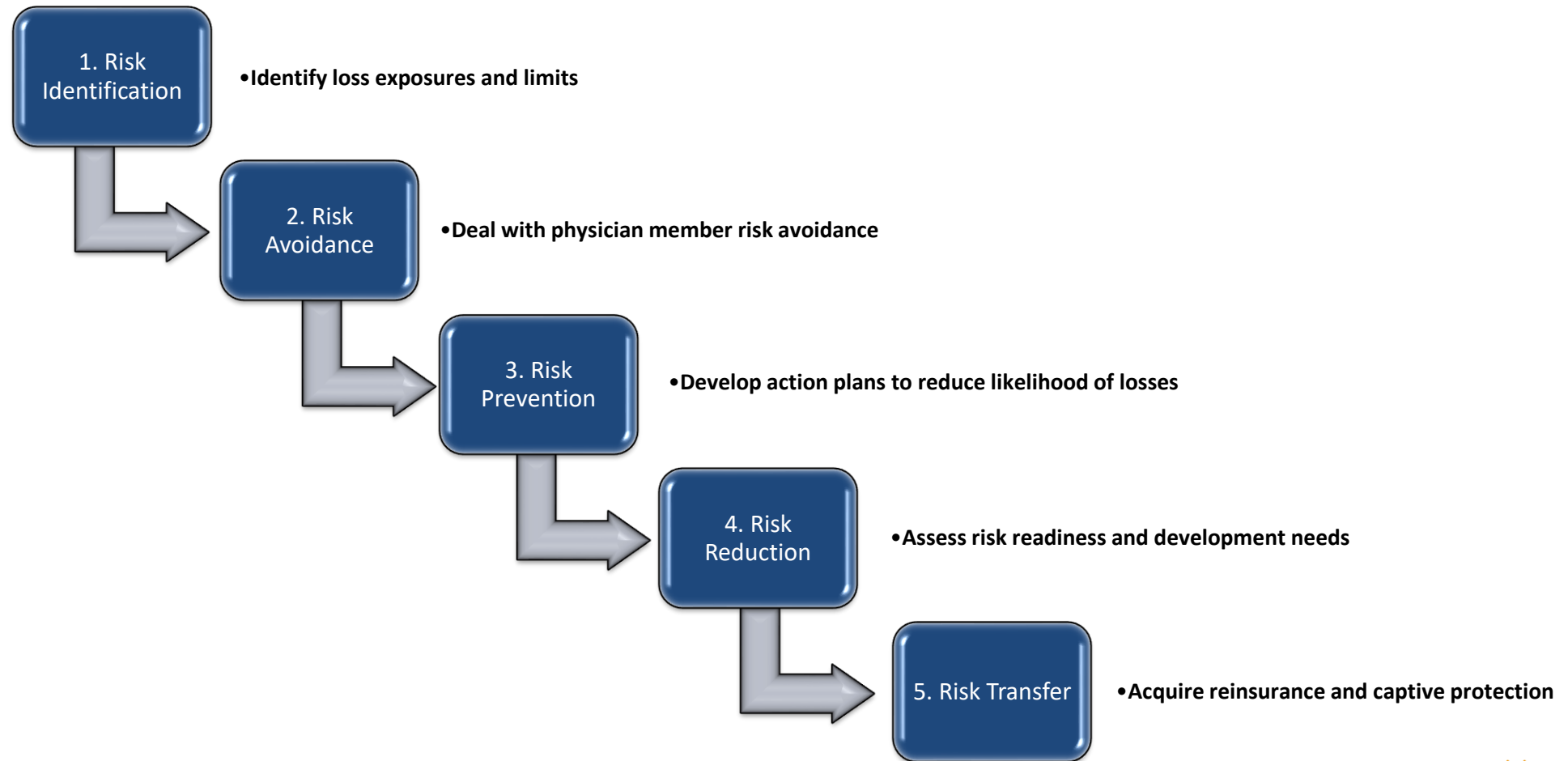
Pay To Provider	Claim Pmt Amt		Claim Count	
	This ▼	Last	This	Last
<input type="checkbox"/> ALYSSA DEMICELL D.O. P.A.	36,084.12	45,349.65	508	593
<input type="checkbox"/> MANGO MEDICAL GROUP	24,728.45	39,048.77	522	1,188
<input type="checkbox"/> GOLD PHYSICIANS GROUP	22,167.05	27,638.03	320	408
<input type="checkbox"/> TURTLE PHYSICIAN GROUP	10,356.42	17,164.51	295	490
<input type="checkbox"/> LION PHYSICIAN GROUP	10,277.28	19,418.59	225	382
<input type="checkbox"/> ISABEL VINCENT M.D.	9,834.09	11,281.58	151	182
<input type="checkbox"/> ADA WHITAKER PHYSICIAN GROUP	8,580.20	21,272.98	368	850
<input type="checkbox"/> LONDYN MADDOX L.L.C.	2,149.45	0.00	62	0
<input checked="" type="checkbox"/> 024889979-OUT OF NETWORK PROVIDER	2,071.84	114.86	37	3
<input checked="" type="checkbox"/> 444463673-OUT OF NETWORK PROVIDER	1,948.70	184.39	18	2
<input checked="" type="checkbox"/> 276138922-OUT OF NETWORK PROVIDER	1,812.64	2,394.96	24	30



ACO GROWTH MODEL: THE RISK TRANSITION TRIANGLE



5 ESSENTIAL STEPS OF ACO RISK MANAGEMENT



STEP 1: RISK IDENTIFICATION | MEDICARE ACO LOSS EXPOSURES & LIMITS

COMPARISON OF BASIC TRACK AND ENHANCED TRACK CHARACTERISTICS				
ACO Type	Shared Loss Rate	Loss Sharing Limit	Shared Savings Rate-Once MSR is Met	Performance Payment Benchmark Limit
LEVEL A & B	N/A	N/A	40%	10%
LEVEL C	30%;	Lesser of: 1% of benchmark, cap: 2% of revenue	50%	10%
LEVEL D	30%	Lesser of 2% of benchmark, cap: 4% of revenue	50%	10%
LEVEL E	30%	Not to exceed % of revenue-based QPP amount; cap: 1% of benchmark risk amt	50%	10%
ENHANCED	(1 – final sharing rate)	40% min and 75% max: cap: 15% of benchmark	75%	20%

STEP 2: RISK AVOIDANCE | PHYSICIAN MEMBER RISK CULTURE CHANGE

PHYSICIAN CULTURE CHANGE (ENGAGEMENT & COMMITMENT)

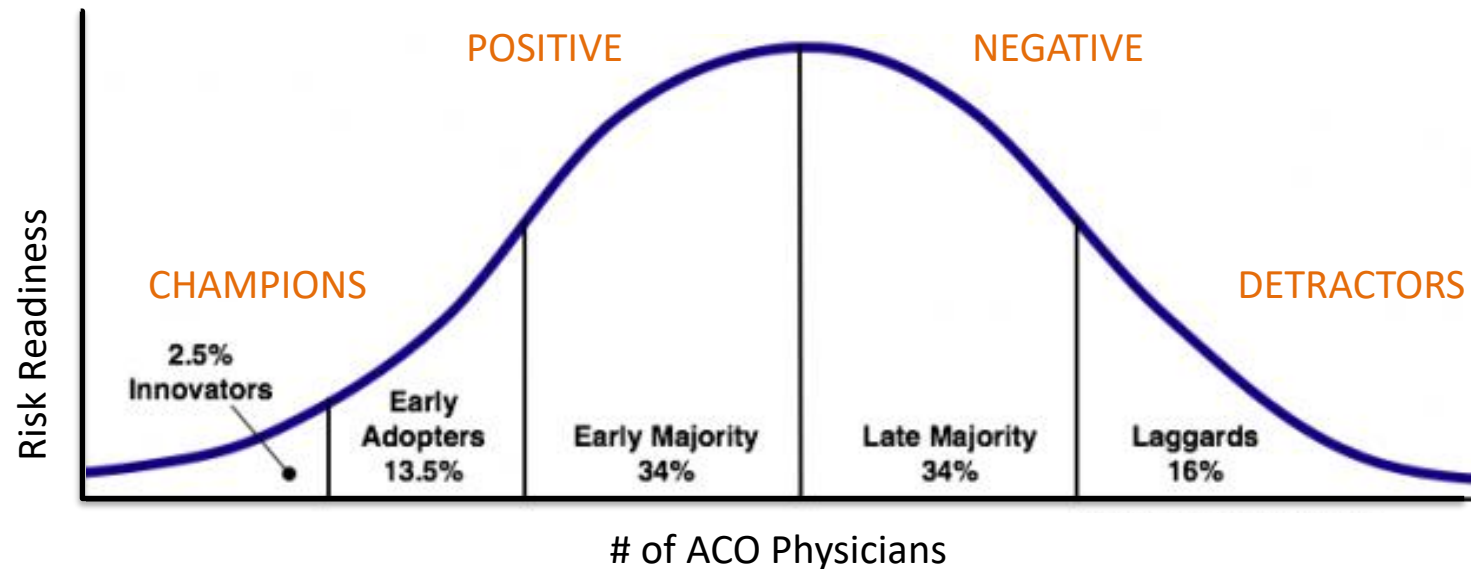
Representation: Governance / Board of directors

Membership: Medical committees

Appointments: CMOs, regional MD directors, MD department chairs

Participation: Operational meetings & conference calls

Commitment: Culture change (risk readiness & incentive compensation)



STEP 3: RISK PREVENTION | EXAMPLE ACTION PLANS TO PREVENT LIKLIHOOD OF LOSSES

CENTRALIZED TRANSFER CENTER

Concept	Population	Key Elements	Potential Risks/Barriers
<ul style="list-style-type: none">• Centralized Patient Transfer center with one call acceptance of patients based on specialty/hospitalist pre-defined criteria.• Improved transfer capture will replace bed day capacity created by integrated inpatient management.• Preliminary Financial Impact: \$5.6 million based on an average revenue estimate of \$3,000 per admission.	<ul style="list-style-type: none">• Regional opportunity is preliminarily estimated at over 1,000 transfers annually.• Based on limited data, 1,800 estimate is supported.	<ul style="list-style-type: none">• Regional number with one-call acceptance.• Pre-defined criteria for acceptance that hospitalists/specialists will support.• Coordinate/dispatch transportation.• Offer to all regional hospitals including coordination of transfers to other hospitals.• Significant marketing effort required.• All regional transfers managed through Centralized Transfer.	<ul style="list-style-type: none">• Inability to secure hospitalist/specialist agreement on acceptance policies.• Objections by other hospitals.• Have to “get it right” or no second chances with hospitals.• Unwillingness of regional (unaffiliated) hospitals to use ACO center because of existing relationships.

STEP 4: RISK REDUCTION BY READINESS ASSESSMENTS

ACO RISK READINESS ASSESSMENT CRITERIA

- Governance/Leadership
- Organizational Culture - Communication
- Relationships with Providers
- Claims Access
- IT System
- Clinical Med Management System
- Financial Risk Management
- Ability to Risk-Share with Providers

STEP 4: RISK REDUCTION BY READINESS ASSESSMENTS

ACO RISK READINESS ASSESSMENT EXAMPLE

CRITERIA	Development Required	Limited Capabilities	In-Place: Performance Evident
Financial Risk Management			
Medical service expense (MSE) management capabilities			
Processes to assess financial risk			
Cost accounting capabilities across episodes			
Provider-health plan partnerships			

STEP 5: RISK TRANSFER | FUNDING OPTIONS



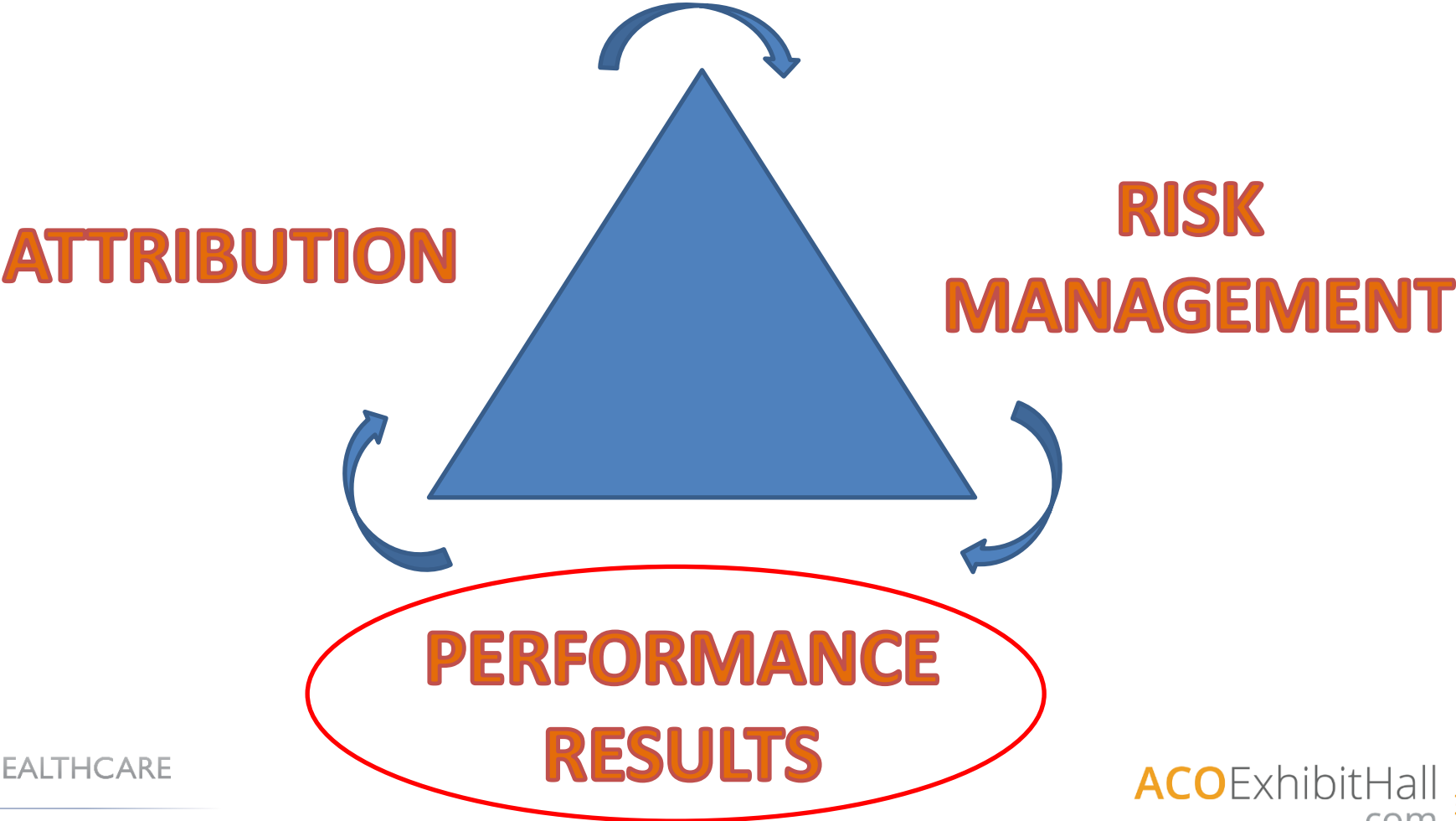
Funding Reserves: Options

- Joint ventures
- Shared savings retention
- Private equity investment
- Line of credit
- Surety bond
- Other

STEP 5: RISK TRANSFER | AGGREGATE STOP-LOSS

Example: How an aggregate stop loss policy can provide financial protection to an ACO	
ACO Type	MSSP-BASIC TRACK E
Assigned Beneficiaries	10,000
Performance Year Benchmark - PMPY	\$10,500
Performance Year Benchmark - Annualized	\$105,000,000
Loss Sharing Limit as a Percentage of Benchmark	8%
Loss Sharing Limit in Dollars	\$8,400,000
Aggregate Stop Loss Attachment Point as a Percentage of Benchmark	103.0%
Aggregate Stop Loss Attachment Point in Dollars	\$108,150,000
Actual Expenditure - PMPY	\$11,214
Actual Expenditure - Annualized	\$112,140,000
Actual Expenditure as a percentage of Benchmark	106.8%
ACO Loss Share Rate	30.0%
ACO's Liability to CMS	\$2,142,000
Amount Insured through Aggregate Stop Loss	\$1,197,000
ACO's Liability Net of Stop Loss Recovery	\$945,000

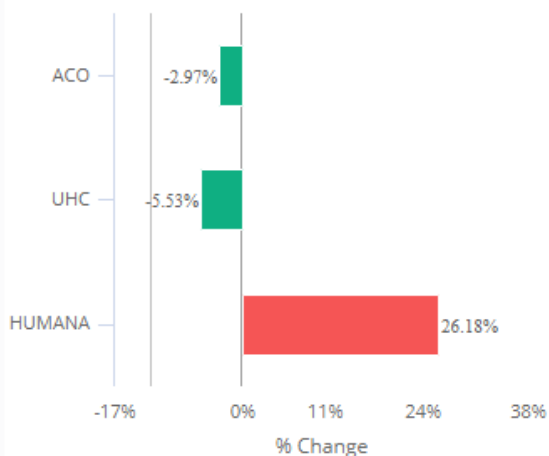
ACO GROWTH MODEL: THE RISK TRANSITION TRIANGLE



% Change PMPY Actual

View Context

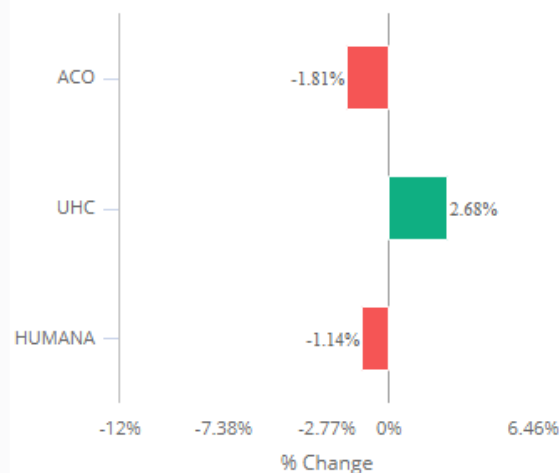
Payer



% Change Risk Score

View Context

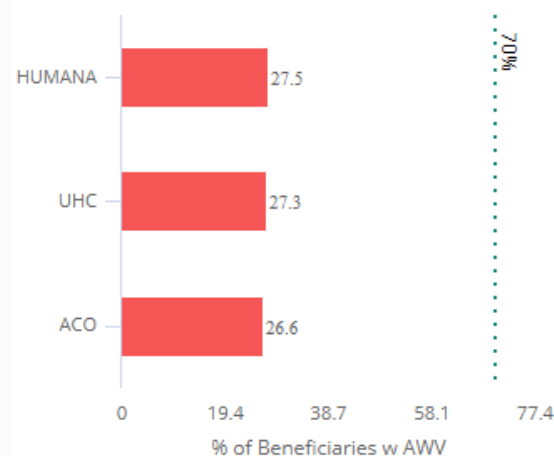
Payer



% of AWV Complete

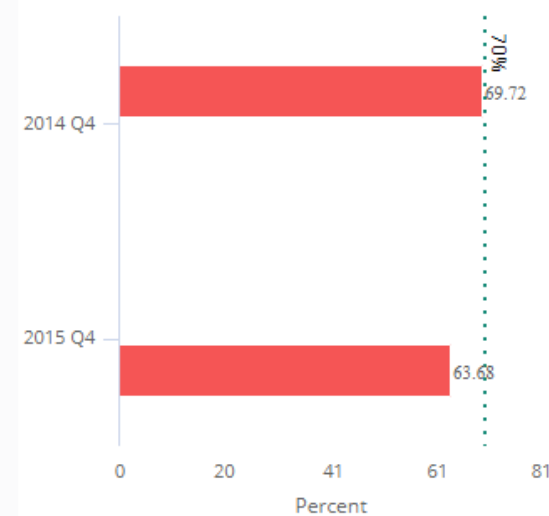
View Context

Payer



% Continuous Attribution

View Context



% of Beneficiaries w/ In-Network PC Visits

View Context

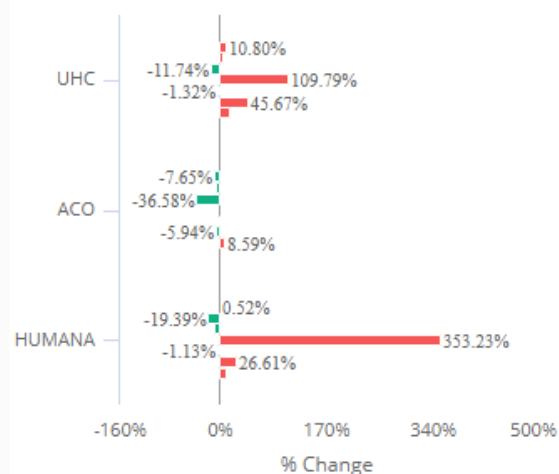
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Q4 2016	10,648	55.0
Q1 2017	10,467	57.4

Total 17,443 81.0

% Change Visits

View Context

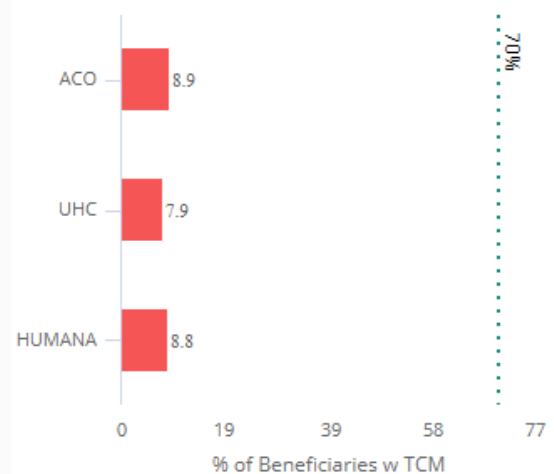
Payer



% of TCM Complete

View Context

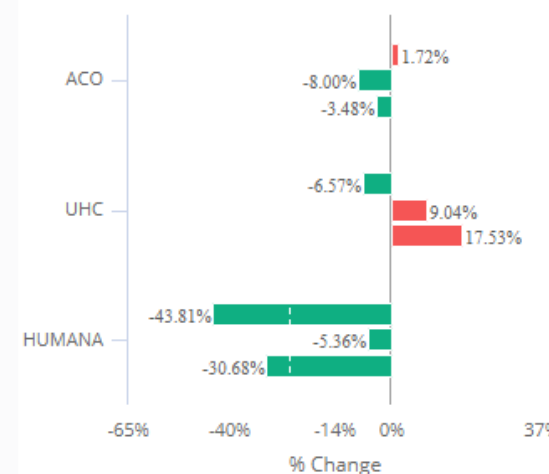
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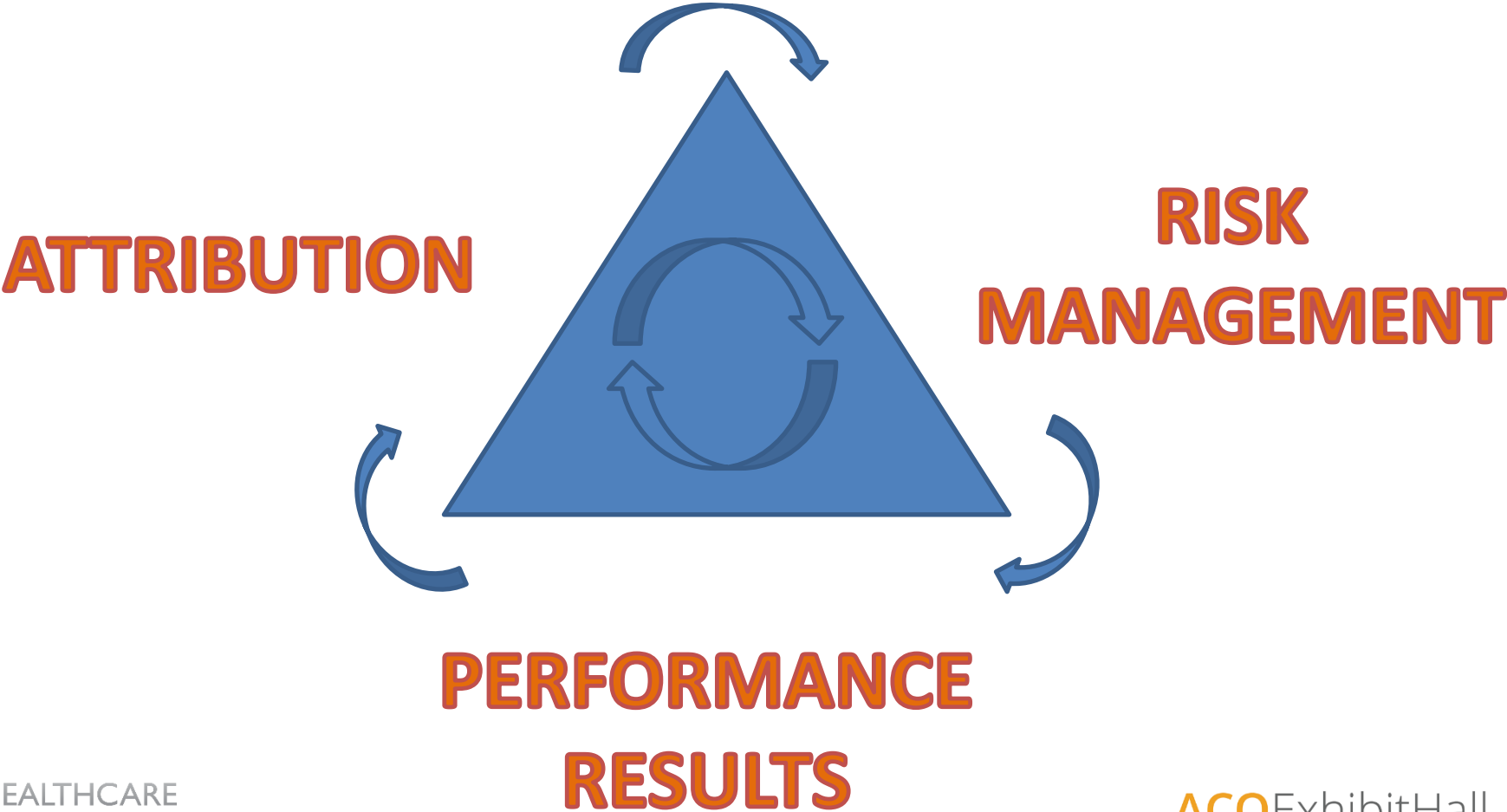
% Change Inpatient Readmissions

View Context

Payer



ACO GROWTH: THE RISK TRANSITION TRIANGLE



CONCLUSION

- ✓ Need Data Analytics
- ✓ Keep Up on How Your ACO is Performing
- ✓ Understand Attribution & Risk Comes 1st
- ✓ If you can't do it on your own, there's help!



QUESTIONS & DISCUSSION



STOP BY OUR ACO EXHIBIT HALL VIRTUAL BOOTH



<https://www.acoexhibithall.com/vendor-booth/salient-healthcare/population-health-ii-software-tools-data-analytics/117/>

THANK YOU



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