What are ACOs?

“ACO” has recently joined the alphabet soup of health care acronyms that dominate policy discussions and debate. But despite the term's buzzword status, our recent Physician Sentiment IndexSM survey with Sermo1 found that a full 40% of physicians surveyed have no idea what an Accountable Care Organization actually is.

ACOs are networks of health care providers organized to coordinate and improve the care of an assigned patient population while managing overall costs of care. The Affordable Care Act established provisions for ACOs as one of several approaches to moving payment models from Fee-for-Service (FFS) to bundled payments, capitated payments, and shared savings payments. While the exact form ACOs will take is yet to be determined, they will require hospitals, primary care practices, and ancillary services to provide integrated patient care and to cooperate clinically, financially, and administratively.

What does the move to ACOs mean for hospitals?

When it comes to ACOs, there are far more questions than answers. To name just a few big ones:

► How will beneficiaries be assigned to an ACO?
► Will the potential incentives be sufficient to attract physician participation?
► Will CMS mandate how shared savings and bundled payments will be distributed?
► Will the Stark exemption be continued as a mechanism for driving integration?

The Center for Medicare and Medicaid Services is expected to provide at least partial answers when it defines and proposes regulations for ACOs in early 2011. But experts agree that hospitals should waste no time in integrating across their physician community and developing the IT and managed care strategy needed to thrive in an ACO environment. According to a November 2010 analysis of ACOs in New England Journal of Medicine, by Robert Kocher, M.D. and Nikhil R. Sahni, B.S.2 hospitals need to move to overcome some key barriers in order to effectively control and have success with ACOs, namely:

► Hospitals will need to shift toward an outpatient-focused, coordinated care model.
► Hospitals will need to seek new models of affiliation and integration and look beyond dependence on the acquisition of practices and physicians.

How athenahealth can help

athenahealth offers hospitals and health systems a low-investment, future-proof strategy for ambulatory EHR and community integration designed to minimize risk and seize new opportunities in today’s shifting payment landscape. athenahealth’s cloud-based EHR, practice management, and patient communication services provide a turnkey ambulatory alternative. Our solutions enable true care coordination, addressing the needs of both employed and affiliated physicians in your community. And we provide an economic model for physician alignment and community integration that does not rely on Stark exemptions for EHR subsidies, which are set to expire in 2013.

As we see it, there are four components that will prove essential to successful management of an ACO. athenahealth’s cloud-based solutions, combined with our new order facilitation service, athenaCommunity, can provide hospitals with a nimble, low-investment strategy for addressing these critical needs:

1) Provider integration
Hospitals are purchasing physician practices and employing doctors at a record rate to create ACO-ready communities. But the investments in IT and management infrastructure required by this strategy expose hospitals to serious balance sheet risk and create a precarious reliance on the continuation of the Stark exemption. athenahealth offers a cloud-based ambulatory strategy for owned and affiliated physicians.

- athenaCommunity will offer a flexible, low-financial-risk alternative designed to facilitate cost-effective financial and clinical integration that will outlast the Stark EHR subsidy exemption.
- For employed and affiliated physicians alike, our solutions deliver consistent, predictable, revenue-driving performance they can count on.

2) Ability to manage care across a continuum
Under an ACO model, health systems will need efficient ways to clinically and financially move patients and patient information among affiliated groups, other trading partners (e.g., labs, imaging, pharmacy), and employed physicians. This can be accomplished through targeted clinical data exchange supported by an economically sustainable financial model.

- athenaClinicals® enables the gathering and extraction of relevant clinical data required, providing true population management through transfer of relevant information at the point of care.
- athenaCommunity will facilitate clean delivery of relevant insurance information and clinical data among all trading partners in the ACO.

3) Performance accountability
Successful ACOs will need to have visibility into and manage performance across many organizational nodes to reduce costs and manage shared savings.

- athenahealth provides revenue cycle, clinical cycle and patient cycle tools that drive proven results for enterprise-level groups as well as small independent practices.
- Our nimble, cloud-based platform allows us to continually update payer rules and functionality as new payment models evolve and new revenue opportunities arise.
- athenaClinicals automates and optimizes quality management participation by getting the right information to the right user at the right time.

4) Financial management of non-FFS payments, budgets and resource needs
athenahealth’s cloud-based network and integrated practice management service, athenaCollector, provides clarity and visibility into financial performance across a network of providers. We offer a robust reporting toolkit, and through Anodyne Health, (an athenahealth company) hospitals benefit from a full suite of business intelligence tools.

To learn more about what athenahealth can do for your organization, visit www.athenahealth.com/hospitals, or call 888.402.6944.