

## Accountable Care Organizations: ASCs, Hospitals and Physicians

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### Agenda



ACO  
Origins

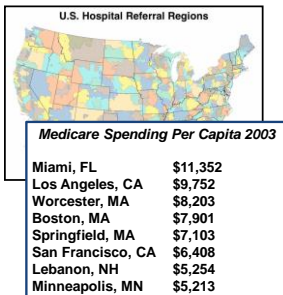
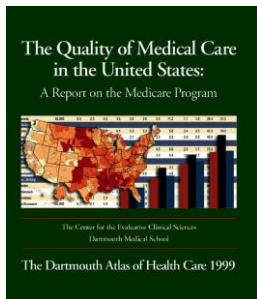
ACO  
Structure

ASC  
Context

Role of  
ASCs

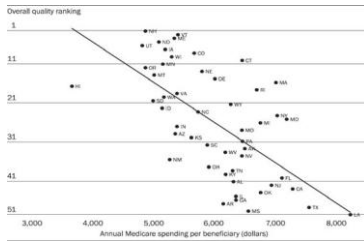
2

### Cost Variation Studies



3

## Cost & Quality Studies



Source: Baicker et al. Health Affairs web exclusives, October 7, 2004

4

## PGP Demonstrations



- Congress requested in 2000
- Demo launched in 2005
- Final year of results 2009
- 29 of 32 quality measures met
- 50% achieved savings
- 100% of those were physician groups

5

## Brookings / Dartmouth Pilots



Monarch  
HealthCare

Norton  
Healthcare

Carilion  
Clinic

Tucson  
Medical  
Center

HealthCare  
Partners

6

## Agenda



7

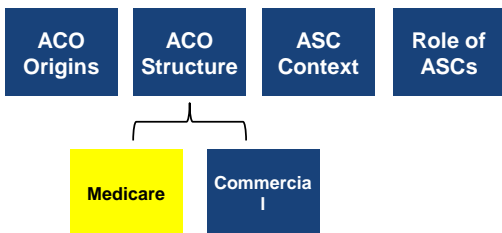
## ACO Concept (Broadly Defined)



ACO =  
An HMO  
with an open network

8

## Agenda



9

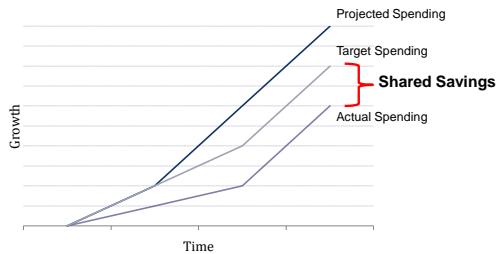
## Proposed Rule



- 5,000+ lives
- Retrospective assignment
- Primary care physicians anchor
- Open network
- 65 quality measures
- 2% savings threshold
- Downside risk by year 3

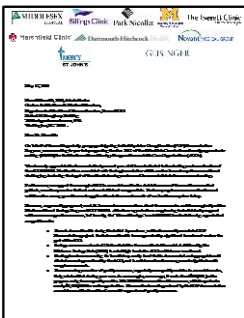
10

## Savings Payment Structure



11

## The Response – PGP Demo Participants



- Downside risk
- Savings net of 2% threshold
- 60+ quality measures
- Retrospective assignment
- Beneficiary opt-out

12

## The Response – AMGA



- 93% of members said they will not participate
- Risk sharing
- Attribution method
- Quality measures
- Minimum savings

13

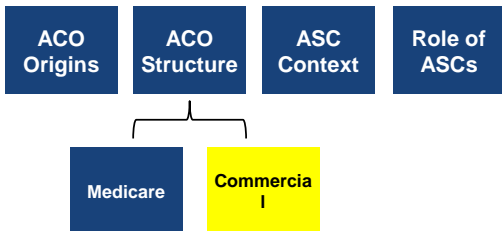
## Substantial Challenges



- Open network
- Downside risk
- Retrospective attribution
- Complex quality reporting
- Question of “rebased”

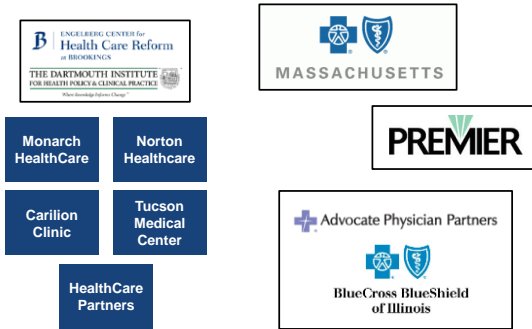
14

## Agenda



15

## Commercial ACOs



16

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## Agenda



17

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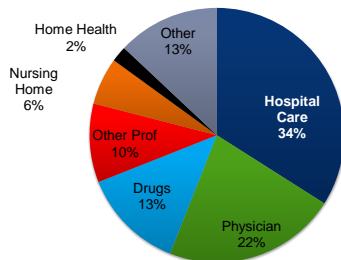
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## National Healthcare Expenditure



Source: HHS, National Health Expenditure Data

18

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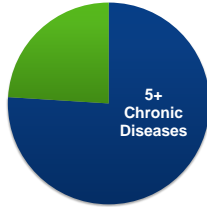
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## Chronic Disease Cost



76% of Medicare spending is on patients with five or more chronic diseases



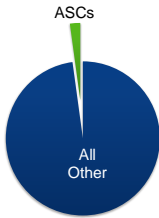
Source: CMS, Office of the Actuary

19

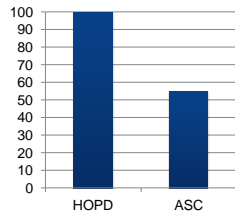
## ASC Context



ASCs Represent 0.6% of Medicare Spending



Opportunity: Save 45% On Each Case Shifted from HOPD to ASC



20

## Top Priorities



- Reduce IP days
- Reduce ER visits
- Shift to generic pharmaceuticals
- Reduce diagnostic imaging
- Shift OP surgical cases to lower cost settings

21

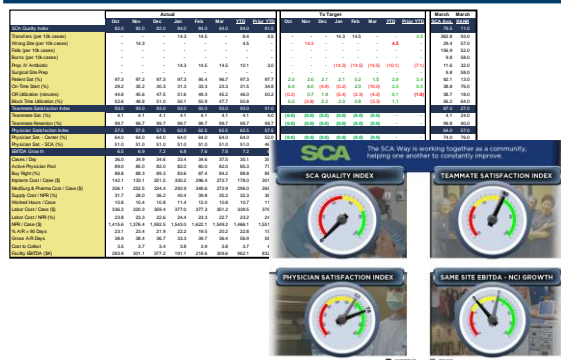
## Our Experience at Monarch



- Goal: shift cases to high-quality, lower-cost setting
- Partnership model:
  - Joint ownership of two ASCs, with SCA managing
  - Emphasis on quality outcomes, efficiency, and cost reporting based on SCA systems
- Impact on ACO:
  - Very high clinical quality outcomes, low readmissions
  - 45% savings to ACO on outpatient surgery shifted
  - 92%+ patient satisfaction

22

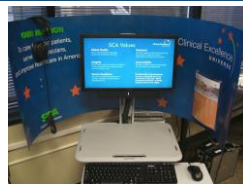
## Measure and Manage What Matters



## Clinical Systems



- Standardized clinical outcome reporting
- Toolkits to drive best practices
- Online survey and accreditation support
- Proprietary training for nurses



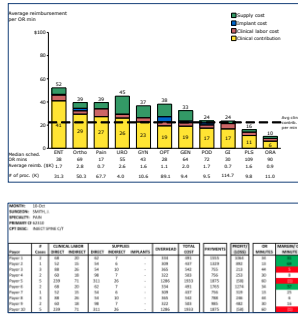
24



## Efficiency & Productivity Metrics



- Detailed revenue, cost & profitability analysis
- Specific to procedure, physician & payer
- Drives decisions regarding case mix, contract negotiation & supplies
- Unlocks complexity of 6,000 procedure codes



25

## Supply Costs



- Aggregate \$200M+ in annual surgical spend
- Proprietary software → reverses information asymmetry
- Both GPO & direct contracting
- Dedicated support team



26

## Agenda



ACO  
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27

## Role of ASCs in ACOs



- Shifting eligible cases to ASCs is a major opportunity
- From hospital perspective, analyze lowest margin cases → model savings through ACO rebate
- Choosing a partner:
  - Clinical systems and clinical reporting
  - Analytics on cost and efficiency of ASC
  - Analytics on cost and efficiency of physicians
  - Capability to partner on managing quality & cost

28