

MGMA ANNUAL CONFERENCE

Pathology Pre-Conference

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Coordinated Care and Contracting:

Pathology Participation in ACO's and Other Forms of Clinical Integration

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Learning Objectives

- Provide examples of alternative delivery and alternative payment mechanisms
- Review the legal and business structures and risks of ACO type organizations
- Help ensure that pathology providers have a place at the coordinated care table

Learning Objective

- Provide examples of alternative delivery and payment mechanisms

Alternative Delivery Mechanisms

An expression to describe forms of health care delivery other than traditional office or hospital-based fee-for-service indemnity health care.

Alternative delivery of care involves changing the setting or the *form* in which care is provided to the patient in order to decrease costs, reduce acuity of care, and extend scarce resources.

Alternative Delivery Mechanisms

- Home care instead of acute care
- Outpatient instead of inpatient
- Same day surgery
- Use of licensed independent practitioners instead of MD's (e.g., nurse practitioners)
- Telemedicine
- Retail medicine (e.g., CVS, Walgreens....)

Alternative Payment Mechanisms

Any type of reimbursement for healthcare services other than traditional charge-based indemnity payments.

As distinguished from the clinical setting in which care is delivered, alternative *payment* mechanisms often shift the financial risk of care from the payor to the provider.

Alternative Payment Mechanisms

- Prospective Payment
- Fee Schedules
- Capitation
- Bundled Payments
- Shared Savings

Prospective Payment

A Prospective Payment System (PPS) is a method of reimbursement in which payment is made based on a predetermined, fixed amount for a particular service, based on the classification system of that service (e.g., diagnosis-related groups for inpatient hospital services). Medicare uses separate PPS's for reimbursement to acute inpatient hospitals, home health agencies, hospice, hospital outpatient, inpatient psychiatric facilities, inpatient rehabilitation facilities, long-term care hospitals, and skilled nursing facilities.

Fee Schedules

A fee schedule is a complete listing of fees used by governmental or commercial payors to pay doctors or other providers on a fee-for-service basis. Medicare develops fee schedules for physicians, ambulance services, clinical laboratory services, and durable medical equipment, prosthetics, orthotics, and supplies.

Capitation

The payment of a per capita amount for a defined package of health care services. A specific dollar amount per member per month is paid to providers or organizations of providers for which they provide specific services, regardless of the quantity of services necessary to meet the health needs of the defined population.

Bundled Payments

The use of a single payment for a group of related services.

- DRG's
- Pregnancy
- Orthodontics
- Laboratory panel



Shared Savings

A provision of many prepaid health care plans where at least part of the providers' income is directly linked to the financial performance of the plan. If costs are lower than projections, a percentage of these savings accrues to the providers.

Hospital department co-management arrangements are another example of a shared savings program

~~Alternative Delivery~~

~~Alternative Payment~~

Alternative Care

Alternative Care Mechanisms

- Fully Integrated Providers
- Clinically Integrated Providers

Fully Integrated Providers

Legally and financially integrated providers offering a full range of healthcare services, including primary, specialty and tertiary care, as well as post-acute care, e.g.,:

- Cleveland Clinic
- Mayo Clinic
- Geisinger Clinic

Clinical Integration

A joint venture of various healthcare providers “implementing an active and ongoing program to evaluate and modify practice patterns by the venture’s providers and to create a high degree of interdependence and cooperation among the providers to control costs and ensure quality.”

--Federal Trade Commission

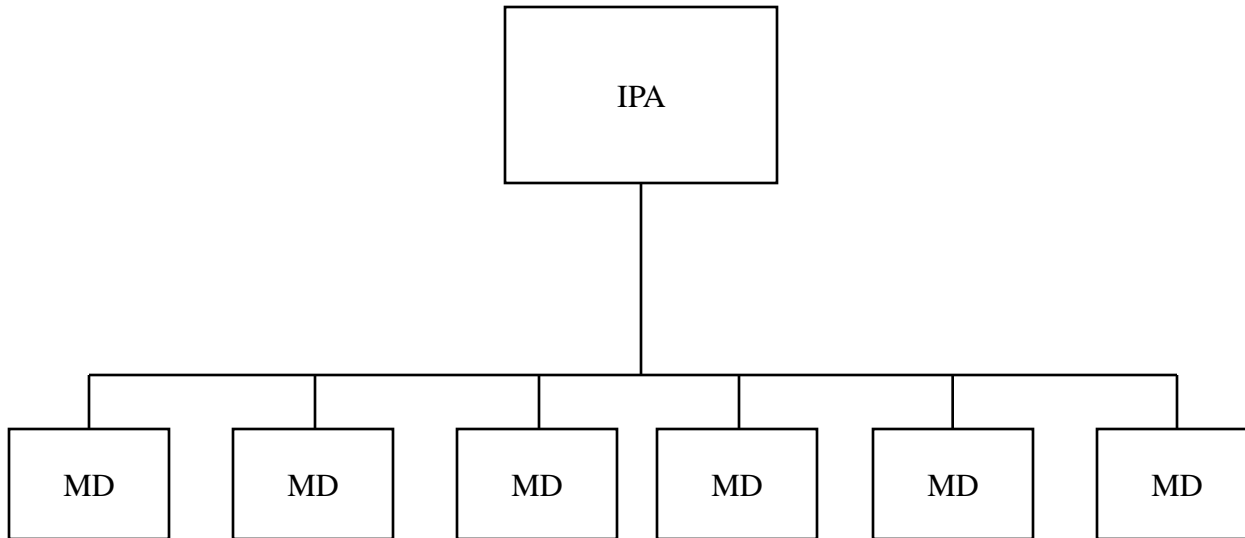
Learning Objectives

Review the legal and business structures and risks of ACO type organizations

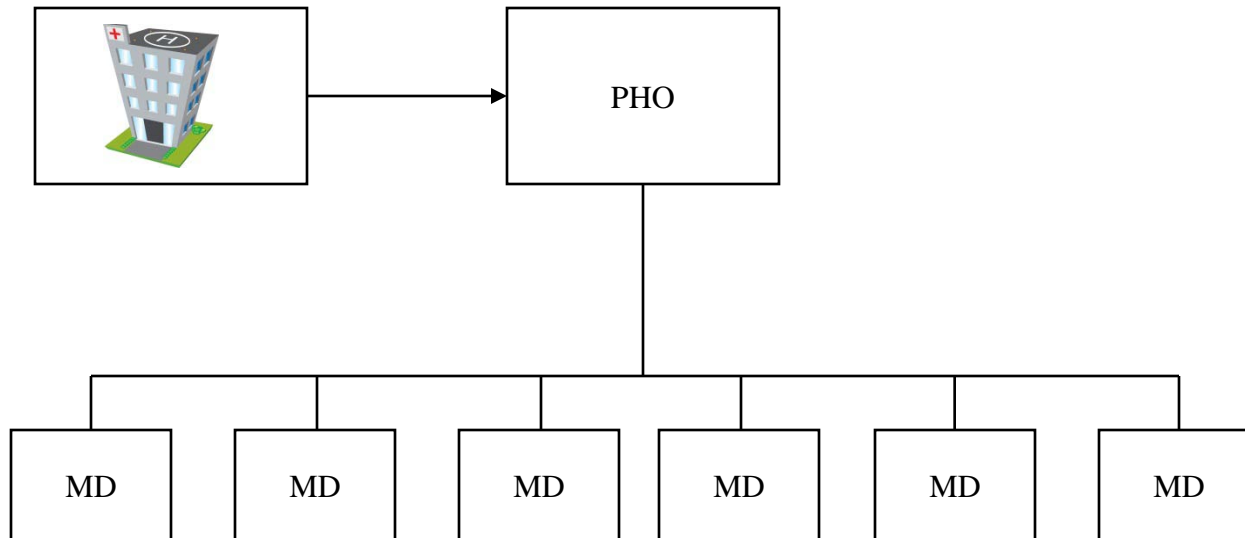
Clinically Integrated Providers

- IPA's
- PHO's
- Accountable Care Organizations—ACO's

IPA



PHO



How do You Spell ACO?

Accountable Care Organization

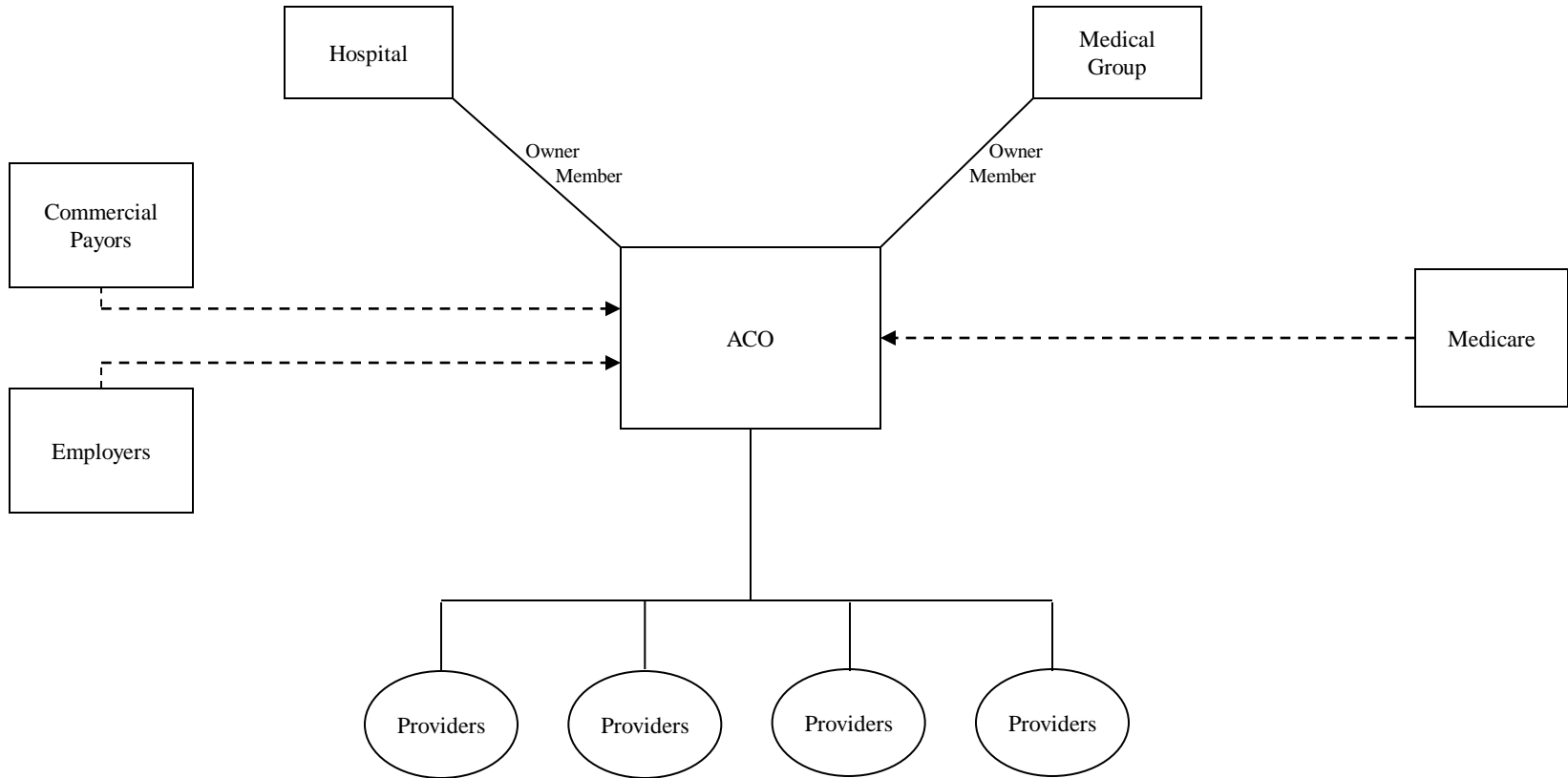
A network of independent health care providers that is held accountable for the costs and quality of health care services that are provided to a defined group of patients.

Why ACO's?

The Affordable Care Act seeks to improve the quality and reduce the costs of health care services in the United States by, among other things, encouraging physicians, hospitals, and other health care providers to become accountable for a patient population through integrated health care delivery systems.”

--PPACA

ACO Structures



Risks: Antitrust Laws

Sherman Act – prohibits combinations and conspiracies in restraint of trade.

Price fixing – agreements among competitors to set prices is a *per se* violation.

“Joint price agreements among competing health care providers are evaluated under the rule of reason... if the providers are financially or clinically integrated and the agreement is reasonably necessary to accomplish the procompetitive benefits of the integration.”

--Federal Trade Commission (October 2011)

“...to maximize and foster opportunities for ACO innovation and better health for patients, the [Antitrust Enforcement] Agencies wish to clarify their antitrust enforcement policy regarding collaborations among independent providers that seek to become ACO's in the Shared Savings Program.”

--Federal Trade Commission

Clinical Integration

A joint venture of various healthcare providers “implementing an active and ongoing program to evaluate and modify practice patterns by the venture’s providers and to create a high degree of interdependence and cooperation among the providers to control costs and ensure quality.”

--Federal Trade Commission

Shared Savings

Successful ACO's will reduce costs and create efficiencies, and share the savings with the payors.



Learning Objective

Ensuring that pathology providers have a place at the coordinated care table.



How to Add Value?

Pathologists are “uniquely situated” to lead the development and maintenance of standardized, evidence-based order sets in ACO's.

--Vice President, Methodist Health
System, Omaha, NE

Assessing Pathology Value

- Clinical expertise
- Specialization
- Technology advances
- Affiliations
- Customer service
- Quality metrics
- Cost reduction

How Can Pathologists Add Value to ACO's?

- Setting Up Test Ordering Protocols
- Helping Set Standards for Managing Chronic Populations
- Improved Physician Access to Pathology Data and Results
- Enhanced Collaboration with Clinicians

How to Add Value?

Setting Test Ordering Protocols

- Feedback to clinicians on too frequent or high-cost tests
- Development of “formulary”
- Reduce use of platelets for surgery
- Standard criteria for transfusions
- Genetic screening protocols

How to Add Value?

Setting Standards for Managing Chronic Populations

- Guidelines for Diabetes
- Renal patients on EPO

How to Add Value?

Improved Physician Access to Results

- Use EHR to identify needed tests
- Streamline and simplify report
- Clearly identify action items
- Electronic prompts to clinicians

How to Add Value?

Greater Collaboration with Clinicians

- Post-test consultation for complex tests
- In-service for clinicians regarding ordering protocols

How to Add Value?

“The importance of pathologists comes in their ability, unique among medical specialties, to collect and analyze data related to patient testing and diagnosis.”

---College of American Pathology

How to Measure Value?

- FFS payments are not the standard
- Negotiate a share of ACO savings

How to Demonstrate Value?

- Be proactive
- Document value

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