Accountable Care and Home Health: Opportunities for Innovation

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The Current State of the U.S. Health Care System

- The problems are widely recognized:
  - Fragmented care
  - Uneven, unsafe practices
  - Unsustainable costs
- *Crossing the Quality Chasm*, 2001
  - Quality = care that is safe, effective, efficient, patient-centered, timely and equitable

The Current State of the U.S. Health Care System

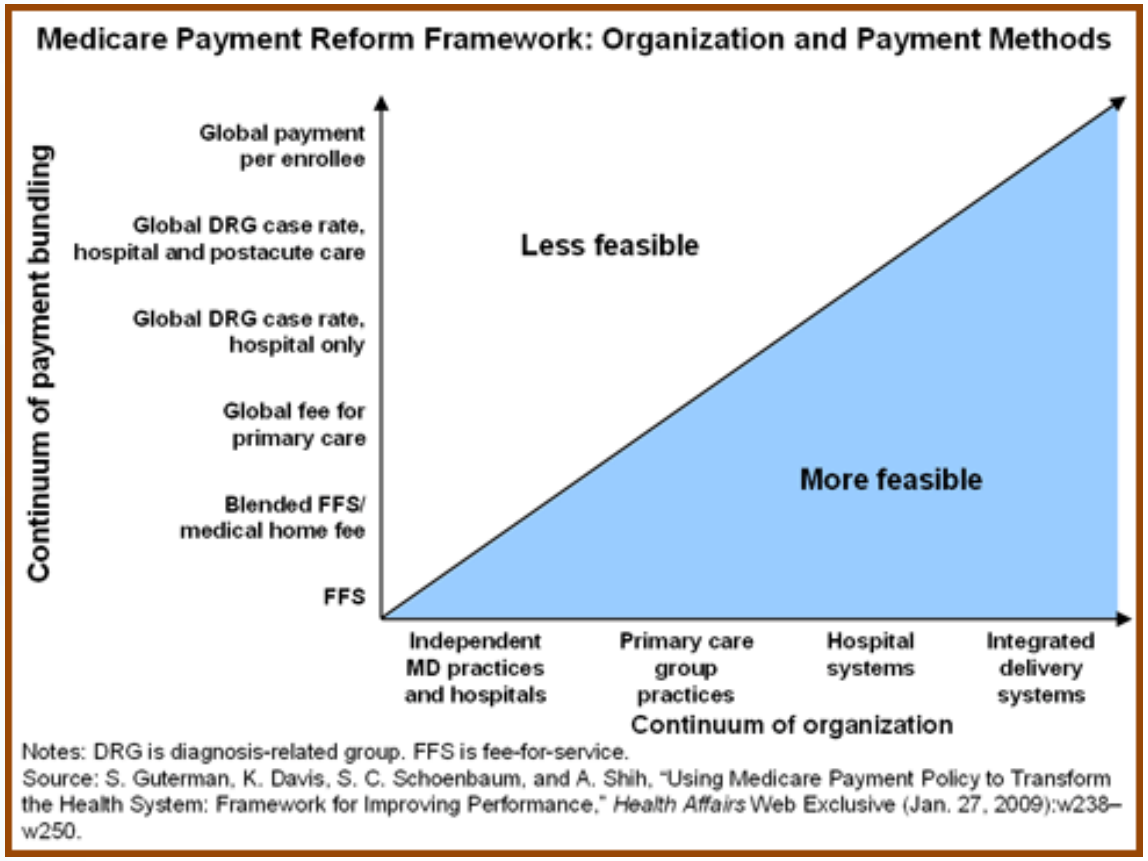
"Our fee-for-service system, doling out separate payments for everything and everyone involved in a patient's care, has all the wrong incentives: it rewards doing more over doing right, it increases paperwork and the duplication of efforts, and it discourages clinicians from working together for the best possible results."

— Atul Gawande, "Testing, Testing," The New Yorker, 12/14/09

The Current State of the U.S. Health Care System

- **Solution**:
  - Better coordinated care, more transparent to the consumer, using evidence-based measures to achieve better outcomes, greater patient satisfaction and improved cost efficiency
  - Or, in other words, “accountable care”
  - “Accountable care organization” (“ACO”) means a provider-based organization comprised of multiple providers with a sufficient level of clinical integration to deliver accountable care
  - Both the payment system and delivery system need to change together to achieve accountable care

The Accountable Care Framework



"To change the way health care is organized and delivered, we need to change the way it is paid for — to move from fee-for-service payments to bundled payments."

– Gutterman, Davis, Schoenbaum and Shih, 2009

The Benefits of Pilots and Demonstrations

"The history of American agriculture suggests that you can have transformation…without knowing all the answers up front…. Transforming health care everywhere starts with transforming it somewhere."

— Atul Gawande, "Testing, Testing," The New Yorker, 12/14/09

PPACA Accountable Care and Home Health: Innovation Opportunities

- **Sec. 3011. National Strategy for Improvement in Health Care.**
  - Secretary of HHS required to develop strategy to improve payment policy to emphasize quality and efficiency.
  - Strategy to focus on outcomes, cost-efficiency and patient-centeredness.
  - To address health care provided to patients with high-cost chronic conditions.
  - To enhance the use of data.
  - To disseminate best practices.
  - Due January 1, 2011.

PPACA Accountable Care and Home Health: Innovation Opportunities

- **Sec. 3021. Establishment of Center for Medicare and Medicaid Innovation within CMS.**
  - Creates a Center for Medicare and Medicaid Innovation ("CMI") within CMS to test innovative payment and service delivery models to reduce program expenditures while preserving or increasing the quality of care.
  - Instructs CMI to use open door forums or other mechanisms to seek input from interested parties.
  - Models to be tested include medical homes; risk-based contracting; coordinated care models like ACOs; and improved post-acute care models.
  - $10 billion in funding, 2011 to 2019.
  - To be up and operating by January 1, 2011.

PPACA Accountable Care and Home Health: Innovation Opportunities

- **Sec. 8002. Establishment of National Voluntary Insurance Program for Purchasing Community Living Assistance Services and Support ("CLASS program").**
  - Establishes a national voluntary insurance program to purchase community living assistance services and supports in order to aid individuals with functional limitations in maintaining financial and personal independence.
  - Aims to establish an infrastructure that will help address the Nation's community living assistance services and supports needs, alleviate burdens on family members and address institutional bias.
  - Financed through voluntary payroll deductions.
  - Effective January 1, 2011.

PPACA Accountable Care and Home Health: ACOs

- **Sec. 3022. Medicare Shared Savings Program.**
  - Directs the Secretary to create a shared savings program by 2012 that will promote accountability, coordinate services between Parts A and B.
  - ACOs that meet quality performance standards can receive payments for shared savings.
  - Eligible ACOs include:
    - Physicians and other professionals in group practice arrangements;
    - Networks of individual physicians;
    - Partnerships or joint ventures between hospitals and physicians;
    - Hospitals employing physicians; and
    - Other groups the Secretary deems appropriate.
  - Allows the Secretary discretion in implementing a partial capitation model for ACOs.
  - Prohibits any additional program expenditures; incentive payments to an ACO under this provision must be funded from savings generated by the ACO.
  - ACOs must have a formal legal structure to receive and distribute shared savings payments and sufficient professionals, including primary care professionals, to meet the needs of assigned Medicare beneficiaries.

PPACA Accountable Care and Home Health: Bundled Payments

- **Sec. 3023. National Pilot Program on Payment Bundling.**
  - Creates a voluntary pilot program implementing bundled payments surrounding hospitalizations in order to improve coordination, quality and efficiency of care.
  - To be established by January 1, 2013.
  - Can be expanded if it is found to improve quality and reduce costs.
  - Bundle to include acute, inpatient hospital services, physician services and post-acute services for episode of care beginning 3 days prior to hospitalization and 30 days post-discharge.

PPACA Accountable Care and Home Health: Additional Provisions of Interest to Home Health

- **Sec. 3140. Medicare Hospice Concurrent Care Demonstration Program.**
  - Creates a 3-year demonstration program at 15 hospice programs that provide hospice care and other services payable under Medicare. The demonstration program will be independently evaluated based on whether it improved patient care, quality of life and cost-effectiveness for Medicare beneficiaries.

- **Sec. 3026. Community-based Care Transitions Program.**
  - Gives funding to hospitals and community-based organizations that provide evidence-based care transition services to Medicare beneficiaries at risk for readmissions. The program will be conducted over a 5 year period, beginning on January 1, 2011.

- **Sec. 2703. State Option to Provide Health Homes for Enrollees with Chronic Conditions.**
  - Beginning January 1, 2011, a state, at its option as an amendment to its Medicaid plan, may provide for medical assistance to beneficiaries with certain chronic conditions who select a designated provider, which may be a home health agency, or a health team to provide the beneficiary with health home services. The health home services payment methodology is not limited to a per member per month basis, but, upon approval by the Secretary, may include alternative payment methodologies. The health home services shall include transitional care, care coordination and comprehensive care management.

PPACA Accountable Care and Home Health: Additional Provisions of Interest to Home Health

- **Sec. 3006. Plans for a Value-based Purchasing Program for Home Health Agencies.**
  - Requires the Secretary to create a plan to implement a value-based purchasing program for payments under Medicare by October 1, 2011.
  - In developing the plan, the Secretary must consider quality and efficiency data surrounding the provision of home health care.
  - Allows the Secretary to consult with relevant affected parties in developing the plan.

- **Sec. 3024. Independence at Home Demonstration Program.**
  - Requires the Secretary to develop a demonstration program, beginning no later than January 1, 2012, to test a payment incentive and service delivery model that uses physician and nurse-practitioner directed home-based primary care teams for chronically ill Medicare patients. The program will be designed to reduce costs and improve health outcomes.
  - Creates a defined term "independence at home medical practice," which means a legal entity comprised of physicians and nurse practitioners and others to provide home-based primary care.

- **Sec. 3004. Quality Reporting for Long-term Care Hospitals, Inpatient Rehabilitation Hospitals, and Hospice Programs.**
  - Requires the Secretary to publish quality measures applicable to hospice programs by October 1, 2012. Beginning with fiscal year 2014, hospice programs must submit to the Secretary data on the quality measures; hospice programs that do not submit such data will receive a reduction of their market basket update of 2%, even if the proposed market basket update is 0% (e.g., the hospice program could see a year-to-year reduction in payment rates).

Legal Issues

- Stark, anti-kickback, CMP
- Antitrust
- Corporate practice of medicine
- State regulation of risk transfer
- How to define clinical integration
- How to distinguish good collaboration from bad