



ACO Overview and IT Issues

Presentation to
Accountable Care Workgroup Hearing, ONC

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Overview.....



- NAACOS and the ACO Market
- Survey Results
 - Financial Performance
 - Start-up Costs
 - IT Costs
 - How Process CMS CCLF Data
 - Satisfaction with IT
 - ACOs Frustrations

Who is NAACOS.....



- Only national ACO organization owned and governed by ACOs
- Formed January 2013
- Goals
 - Advocate for ACOs on policy and provide a level playing field to succeed
 - Analyze operational needs/problems and facilitate solutions
 - Share learning to discover best practices
- 77 Member Medicare ACOs
- 54 Business Partners
- Expanding to private payer ACOs in 2014

What is the size and shape of the ACO market?

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- Medicare (MedPAC)
 - 23 Pioneer
 - 220 MSSP
- Private Payer (Leavitt)
 - 235
- Total 478 contracts
- 55 have both; net 423 organizations
- Growth Trend
 - Private a little slower than Medicare but private data weak
 - Estimate will see 150 new in 2014

What Are Success Factors?

- Research is light and have to extrapolate
- PGP demo was closest and quality was up but financial very mixed and biased by one site
- Pioneers first year showed universal quality improvement but mixed financial (drop outs)
- April 2012 MSSP just received interim financials for first year but not allowed yet to announce
- Early targets seem to be reducing readmissions, managing less SNF use, better coordination with specialists, managing chronic care to avoid hospitals
- Uniform agreement that good current data and IT processing is essential to success

NAACOS Survey of Medicare ACOs



- Focused on their start up costs, financial expectations and IT experiences
- 35 responses from mix of types, sizes and dates, 1 Pioneer, rest MSSP
- Average beneficiary count was 20,413
- Predominant governance model was one legal medical group entity with or without hospital
- Some were very complicated with over 100 different legal entities defining the governance structure

Survey of Medicare ACOs

Financial Results.....

- Estimated Financial expectations were very mixed.
- First year savings/losses ranged from \$4 mil gain to \$10 mil loss.
- Average gain was \$1,278,600
- Average loss was \$1,241,600
- Over half just didn't know!

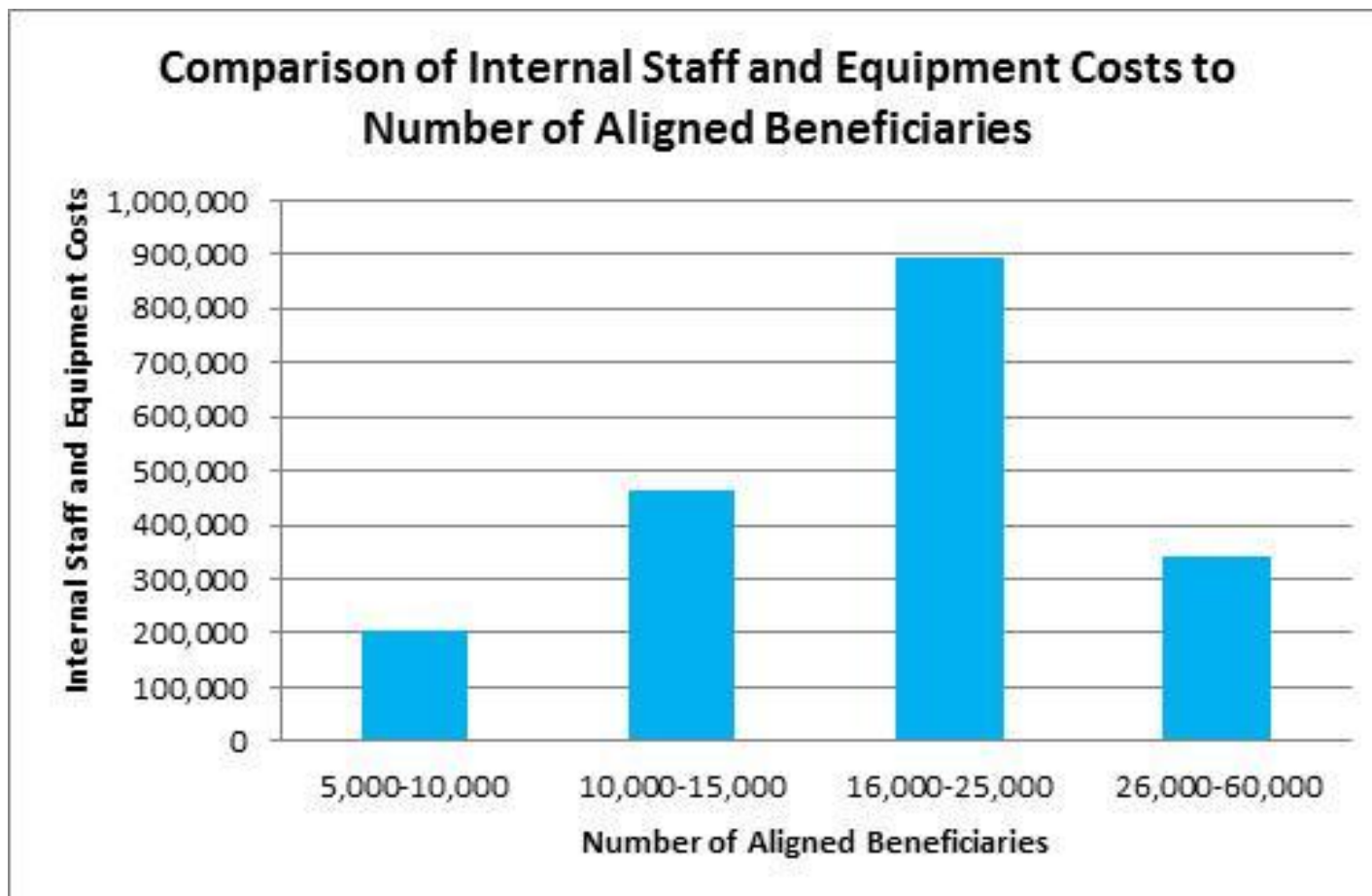
Start-up Costs.....

- Survey asked to estimate what was or would be total startup costs for the first year of operation
- No application cost to be included.
- First year startup costs average was \$2,243,216
- 1/3 have acquired debt to a bank, line of credit, owners notes or CMS Advanced Payment recoupment
- Important point is that these organizations have taken a very sizable risk in creating the ACO.

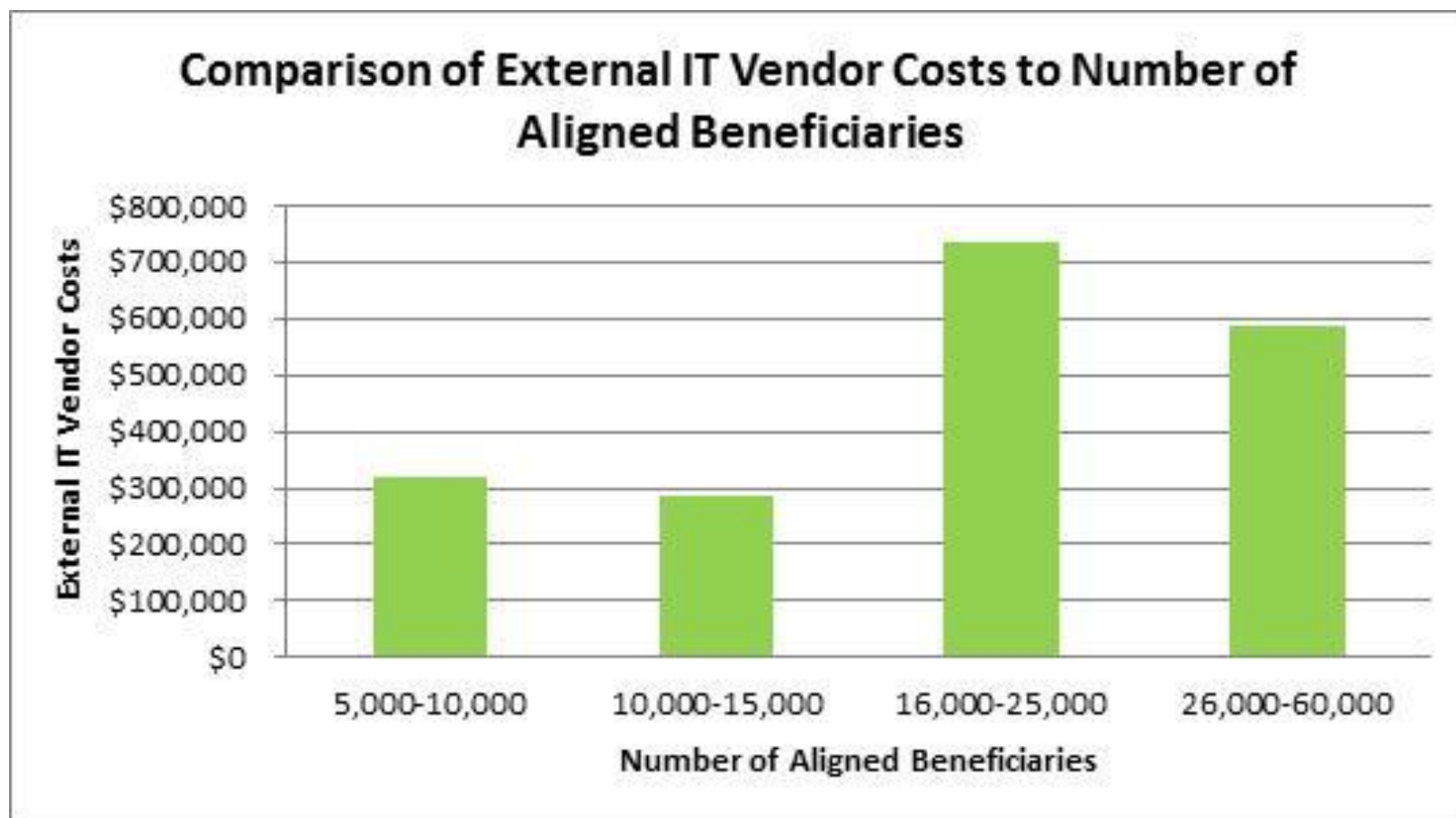
IT Experiences.....

- Wanted to better understand how ACOs are fulfilling IT needs and their satisfaction with vendors
- Broke questions down into internal staff costs and vendor contract costs.
- Defined time frame as the first year of operation (2013 ACOs estimated based on year to date)
- Ask about satisfaction on a 10 point scale
- Had a few non-responses and did not include those in averages

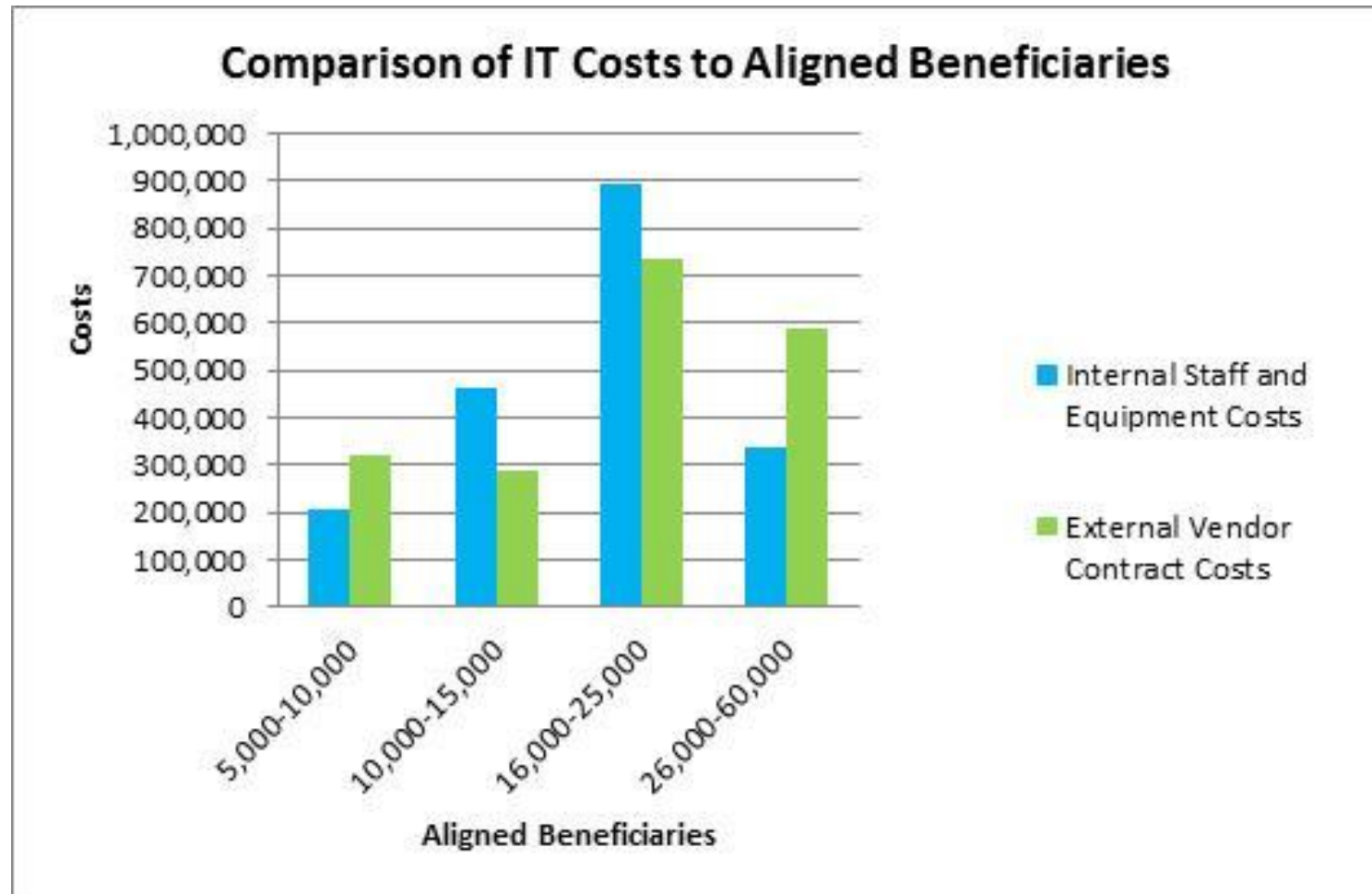
Internal IT Costs by Size



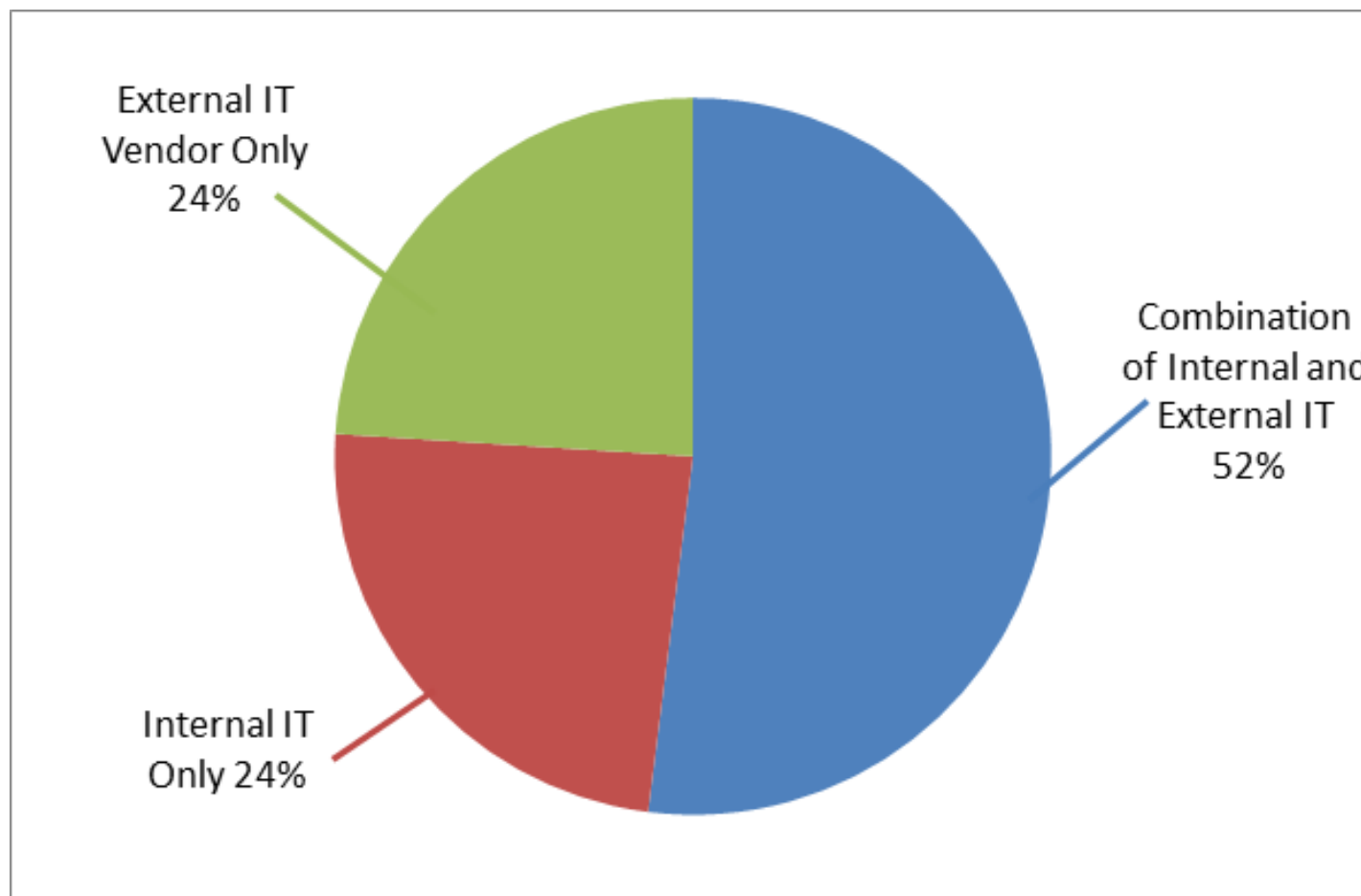
External IT Costs by Size



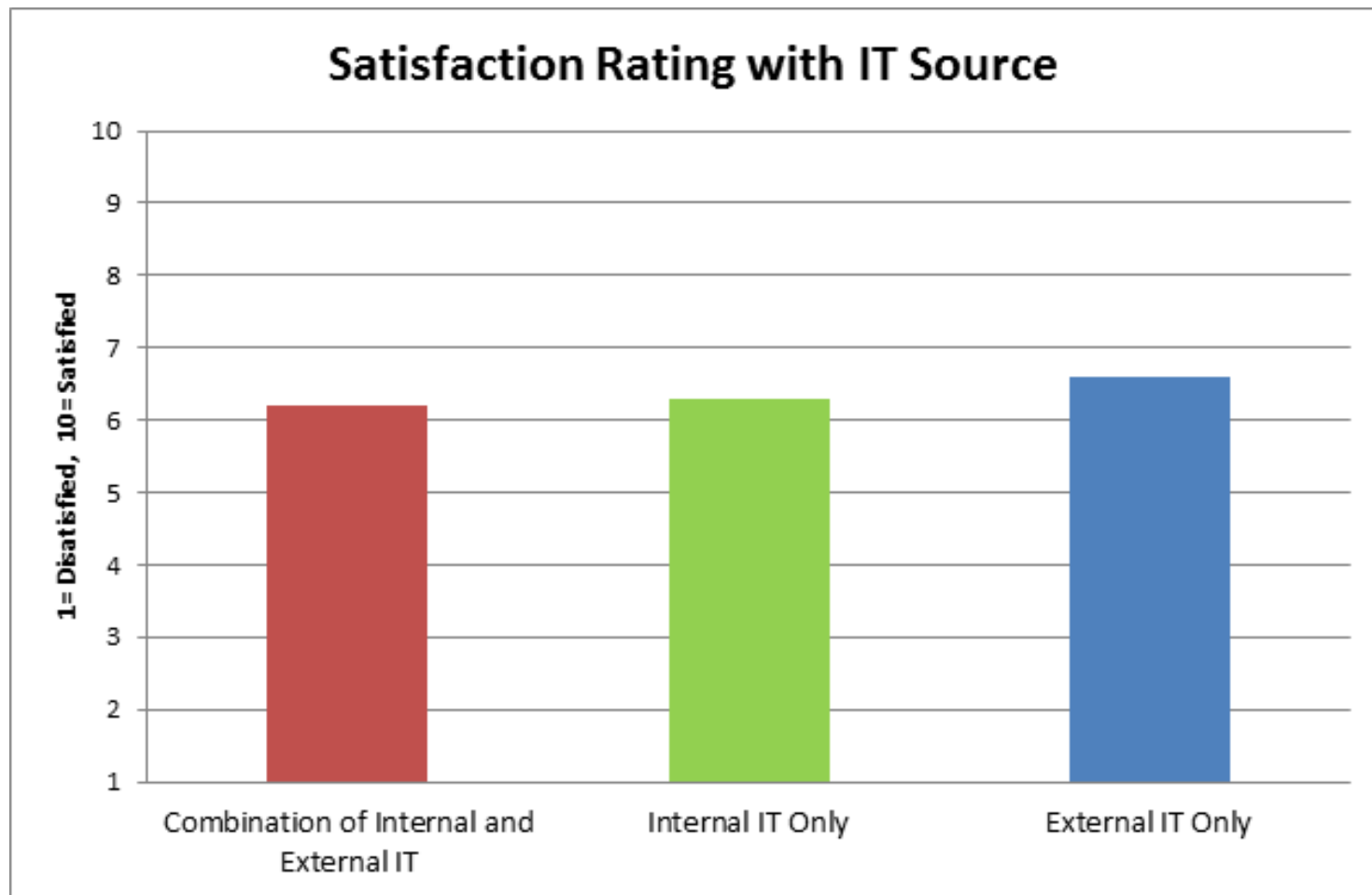
Combined IT Costs by Size



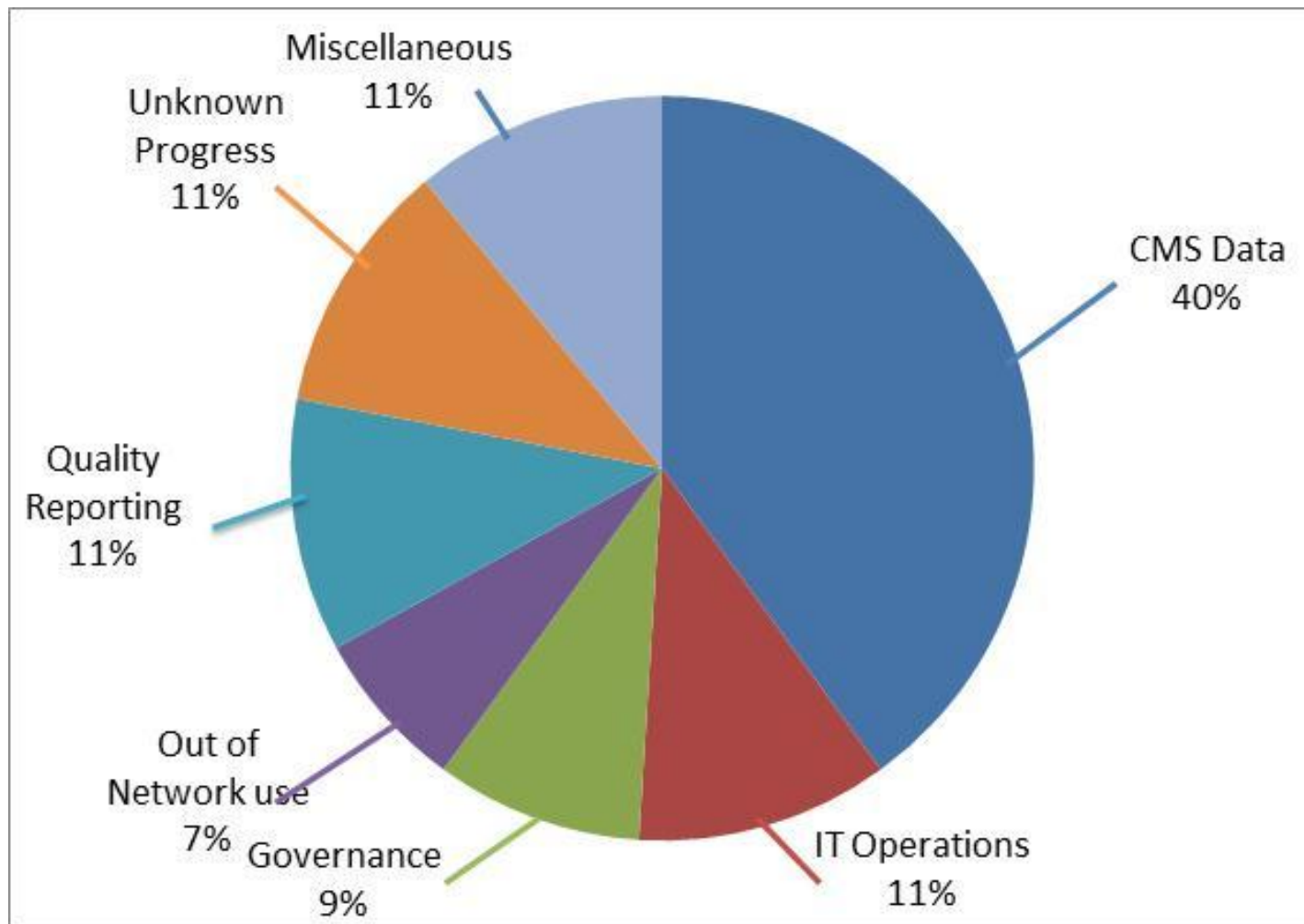
How ACOs Process CCLF



First Year Overall IT Satisfaction



What is the most vexing or frustrating problem in the first year of implementation?



Questions?



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Or

Questions can also be directed to info@naacos.com