Tales from the Front Line: Lessons Learned from a Virtual ACO

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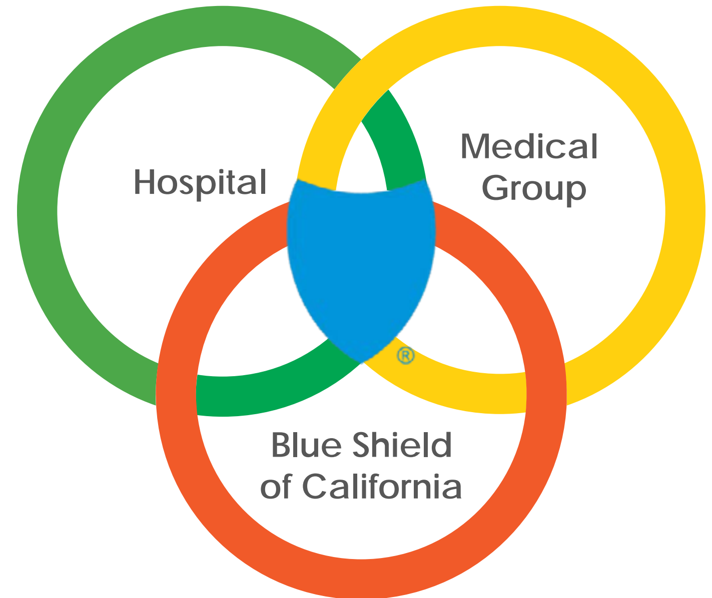
Accountable Care Organizations (ACOs)

Collaborating with medical groups and hospitals – aligned with the purpose of:

- **Raising** the benchmark for **quality** care
- Integrating process and technology for a more **coordinated member experience**
- **Lowering the cost** of health care

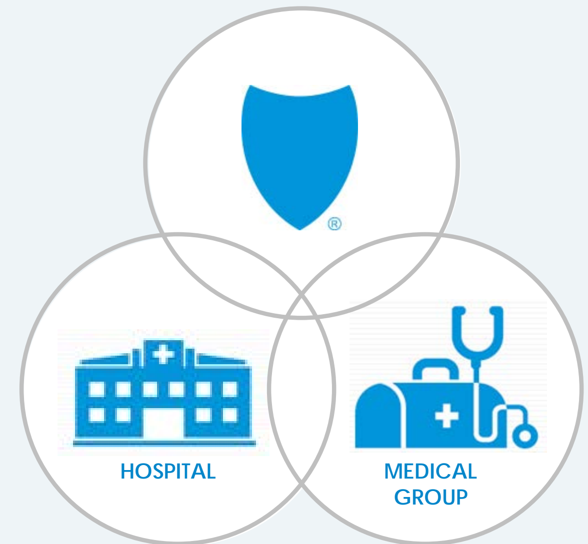


Innovation in integrated health care

What WE mean by ACO

3 way partnership – hospital, physician, Blue Shield
Built on provider partners with "will & skill"
Aligned incentives
Multi-year commitment
Senior level engagement and governance
Pass savings to customers prospectively

VIRTUAL INTEGRATION



The nation is watching…

national recognition as innovative leader

"This program is on our radar screen as one of the best examples of patient care in the country, and the kind of care that people elsewhere hope to enjoy in the future."

- Kathleen Sebelius, Former US Secretary of Health & Human Services

"One of the oldest and largest ACOs in the country."

- Health Affairs

transforming provider relationships

"This is how healthcare should be done in the future!"

- Greater Newport

"We consider Blue Shield the gold standard among our health plan relationships. Blue Shield has served as a true, collaborative and patient focused partner."

- John Muir Health

Transforming provider relationships

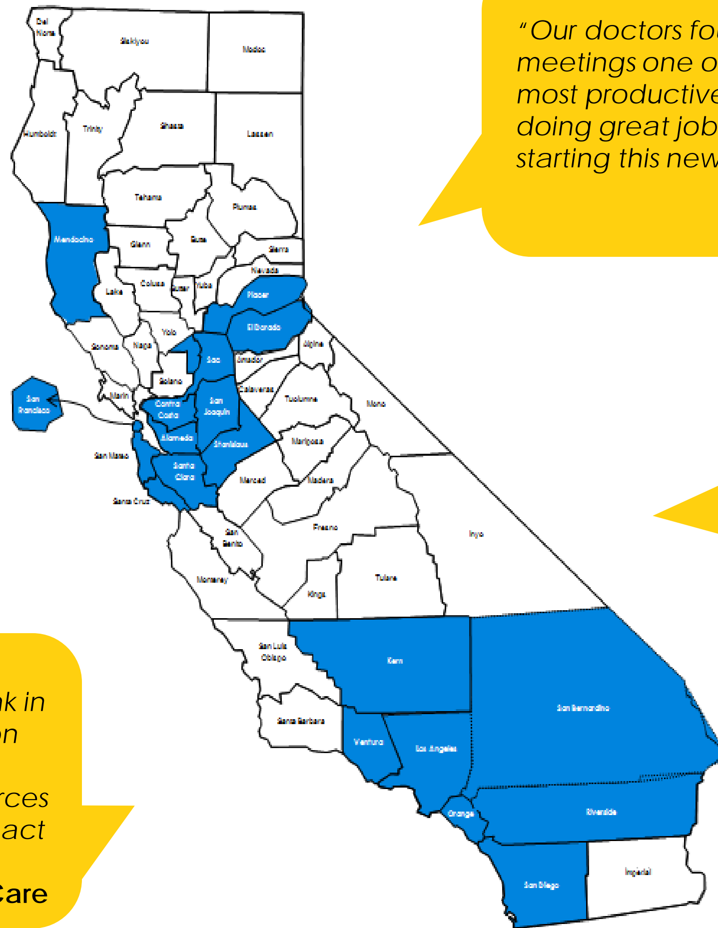
Here's more of what our providers are saying…

" Our ACO partnership with Blue Shield has taken down historical barriers and allowed for data driven, honest conversations on how we can improve our care delivery model to reduce redundant care and wasteful spending."

- AppleCare

" Dr. Stuart Levine has challenged our team to think in new ways around population management and how to realign critical clinical resources to improve our ability to impact quality and cost."

- AppleCare



" Our doctors found the meetings one of the best and most productive so far. You are doing great job with kick starting this new ACO."

– Adventist

" There is no health plan out there that is doing the kind of work that Blue Shield is doing – thank you for being the innovators."

- AllCare

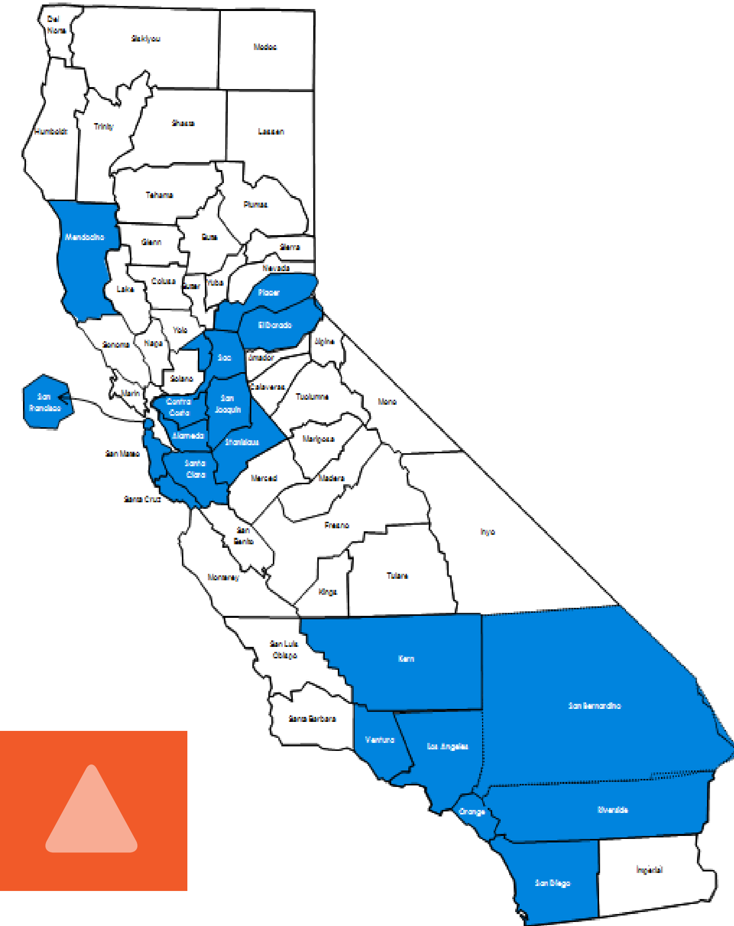
" Blue Shield is the ONLY health plan that has developed a model/structure that works – through this process we have been able to work with some of the best and brightest in the field."

- Facey/Providence

Expanding across California

35 ACOs… and growing

ACO	Number	Regions Covered
HMO	26	17
PPO	9	6
Total	**35**	**23**



Target: 60% healthcare spend in an ACO by 2018

What we've delivered

*The HMO program is delivering **significant results** across multiple markets and different provider organizations*

Annualized Non-ACO
7.1% annualized trend

Annualized ACO
3.8% annualized trend

Comparison of baseline (pre ACO) to most recent completed ACO contract period

Annualized ACO Trend is demographic and benefit adjusted, weighted average since ACO inception

$313M
aggregate cost savings

What we've delivered

Alongside our provider partners, we implement robust interventions to ensure ***care is delivered at the right place and at the right time***

ACO # 1	ACO # 2	ACO # 3	ACO # 4	ACO # 5	ACO # 6
Inpatient admissions **-17%**	Inpatient admissions **-11%**	Inpatient admissions **-10%**	Inpatient admissions **-28%**	Inpatient admissions **-6%**	Inpatient admissions **-20%**
	Inpatient bed days **-15%**	Inpatient bed days **-20%**	Inpatient bed days **-23%**	Inpatient bed days **-19%**	Inpatient bed days **-15%**
Inpatient readmissions **-27%**	Inpatient re-admissions **-29%**		Inpatient re-admissions **-9%**	Inpatient re-admissions **-4%**	Inpatient re-admissions **-27%**
ER visits **-9%**	ER visits **-5%**	ER visits **-6%**	ER visits **-6%**		

**Includes HMO ACO partners with experience through October 2014*

Deeper view into our earliest ACO

Hill Sacramento CalPERS ACO Utilization

excluding Medicare Supplement members

	CY 2009	CY 2010	CY 2011	CY 2012	CY 2013	% change 2009 versus 2013
Admissions per 1,000	52.1	50.4	53.7	50.2	50.8	**-2.5%**
Days per 1,000	203.5	172.7	196.1	182.3	157.1	**-22.8%**
Average Length of Stay	3.9	3.4	3.6	3.6	3.1	**-20.5%**
ER Visits per 1,000	127.2	133.0	133.2	144.5	146.0	**14.8%**
Readmission Rate	5.6%	5.3%	5.3%	6.4%	7.1%	**1.5%**
Average Membership	37,981	38,724	38,874	38,093	36,806	**-3.1%**

From 2010 through 2013 this ACO has achieved $119M in gross savings with a net savings to CalPERS of $108M and an annualized trend of 2.2%.

...and the challenges we faced last year

2013 vs. 2014

Outcomes	2013	2014
Days/1000 increased	157.6	208
ALOS increased	3.09	4.11
Catastrophic* days/1000	34	83.1
Catastrophic* ALOS	15.63	23.80
ER visits/1000 increased	146	149
Cost of healthcare		
12 month trend at 16.3% (compared to target of 3.2%)		
% inpatient claims over $100K doubled		
In comparison, aggregate 2010-2013 trend 2.2%		
Pharmacy		
Pharmacy costs increased 26% • *Hep C accounts for 3.7% of the pharmacy increase*		

* inpatient admission at least 10 days in duration

So far, so good – but we must do more

We must go even deeper in our partnerships...

Leveraging the Medical Management Inventory Tool to drive deeper change:

Medical Group Name:	(GROUP NAME)	
Date Assessed:	(DATE)	
CRITICAL FACTORS	**MAX POINTS**	**Score**
CATEGORY 1 (45 points)		
Hospitalist (Acute Hospital) - 12 points	12	
Hospitalist (SNF) - 8 points	8	
Hospital Care Management Program - 11 points	11	
Post Hospitalization/High Risk Clinic - 10 points	10	
Hospital - 1.5 pts	1.5	
Medical Director Leadership - 2.5 pts	2.5	
Total	**45**	
CATEGORY 2 (39 Points)		
Urgent Care Centers and Specialty clinics - 6 pts.	6	
Ambulatory Case Management Program - 33 pts.	33	
Total	**39**	
CATEGORY 3 (16 point)		
Physician Report Card/Incentive System - 16 pts.	16	
Total	**16**	
Final	**100**	

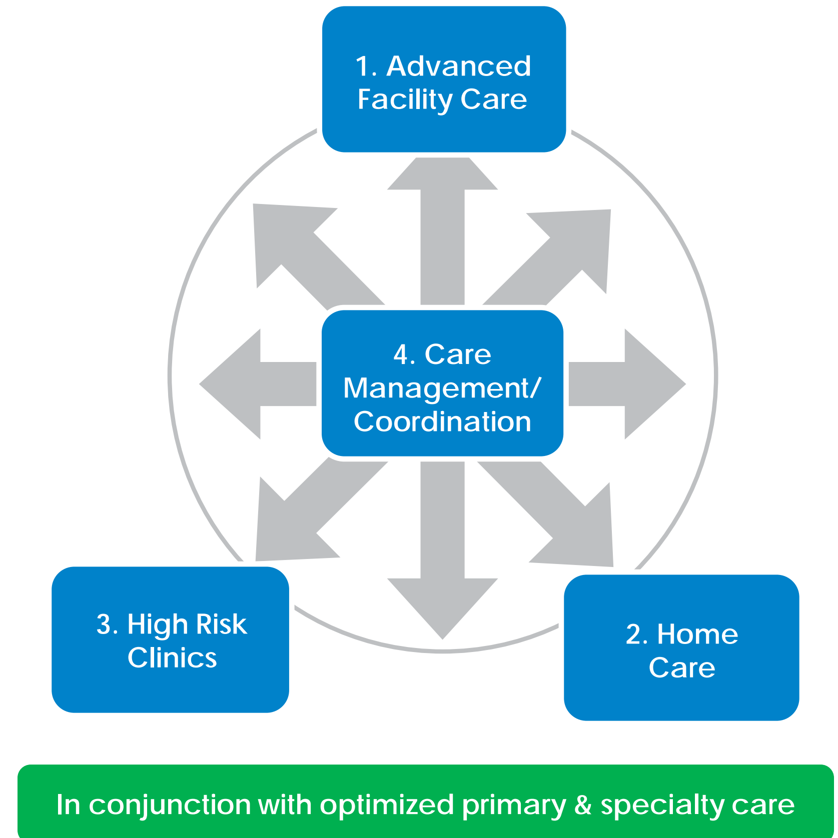
Medical Group Name:	(GROUP NAME)	
Date Assessed:	(DATE)	
Score indicates effectiveness in reducing cost		
CRITICAL FACTORS	**MAX POINTS**	**SCORE**
CATEGORY 1 (45 points)		
Hospitalist (Acute Hospital) - 12 points		
1. Case Load per Hospitalist = 1:12 pts.	1	
2. Hospitalist Coverage on-site 7am-7pm	1	
a. Hospitalist Coverage on-site 7pm-7am	1	
b. Hospitalist Coverage Monday - Friday only	1	
c. Hospitalist Coverage Sat. Sun.& Holiday	1	
post Hospitalization/High Risk Clinic - 10 points	1	
3. ER Intercept Program at Primary Hosp	1	
a. ER Intercept at Adjoining Hosp within 5 miles	1	
b. Hospitalist Available for Evening/Family Rounds	1	
4. Employed vs. not Contracted	2	
5. Contracted differential Case Rate Pay net for ER Intercept	1	
Subtotal	**12**	**0**

...and collaborate closely to transform care

By deepening our partnership and **focusing on core care elements**, we will improve overall quality and experience of care...

Together we aim to:

- Improve day-to-day patient care and provide consistent "patient-centric service"
- More effectively manage the most challenging and complex patients
- Free up provider time, thus resulting in improved patient engagement and outcomes
- Improve quality of care, resulting in decreased utilization and improved efficiency



Key realities and lessons learned

- Senior **leadership engagement** is key
- **Financial integration** drives performance
- Quality alone is not enough
- Hospitals must have a seat at the table – but they are struggling to transition
- **Transparency is a must** – and is hard
- Program insights applied to entire book of business – "free rider" effect
- Success = **investment of time and resources for all partners**
- Gaining trust across the stakeholders, and driving cultural change, are the greatest challenges

Our mission is simple – and challenging

To transform a dysfunctional health care system into one that is worthy of our family and friends

Questions?