Accountable Care Organizations and Emergency Departments in Massachusetts

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Accountable Care Organization (ACO)  

Background

- ACO: Group of providers that assume responsibility to manage and coordinate care for a patient group with a goal of high quality and efficient care

- Participants: PCPs, specialists, inpatient providers, emergency medicine providers

- Sponsors: Hospitals, physicians or payors
ACO Goals

• Shift healthcare payment from fee-for-service to alternative, lower cost models
  ○ Reduce overall healthcare costs
  ○ Focus on perceived healthcare inefficiencies
  ○ Manage chronic disease, meet quality measures while reducing costs, admissions, etc.
  ○ Incentivize appropriate utilization of resources

• Organizations share savings (or losses)
  ○ Unique risk and payment arrangements based on contract
ACOs & Emergency Departments
The Unknowns...

- Unclear how EDs will be impacted by ACOs

- EDs have the theoretical ability to yield savings
  - Reduce discretionary admissions
  - Decrease potentially excessive testing

- Unknown if emergency care utilization will be affected by ACOs
  - ACOs may direct patients to lower cost alternatives of care in an attempt to decrease inappropriate ED utilization
  - ED/ACO relationships may encourage patients to present to a partner ED, increasing utilization
Research Project Goals

• Understand the structures and incentives within ACO/ED relationships in Massachusetts
  ○ ACO structures
  ○ Financial incentives/alignments
  ○ Effects on revenue

• ED challenges with respect to ACOs

• ED processes established to reduce admissions, testing and healthcare spending
Methods

- Survey sent to Massachusetts EDs
  - Organizational demographics
  - Processes to reduce admissions, testing and spending
  - EDs associated with an ACO
    - ACO structure, financial associations
    - Changes in ED revenue, acuity or visits attributable to ACO
    - Challenges in meeting ACO goals
  - EDs not associated with an ACO
    - Reasons not aligned with an ACO

- Number of responses to date: 23
Demographic Results

- Massachusetts ED Survey Responses

- Annual ED visits
  - 35% 25-49K
  - 39% 50-74K
  - 9% 75-99K
  - 17% 100-124K
Preliminary Results

- 78% (18/23) of EDs who responded are aligned with an ACO

- 22% (5/23) of EDs who responded are not aligned
  - 40% ACO unavailable in area
  - 40% Perceived difficulties with care coordination
  - 20% Lack of financial incentives
  - 0% Lack of staff buy in
ACO Structure and Financials

**ACO Structure**

- Hospital + physician group (88%) 88%
- Physician group only (6%) 6%
- Hospital only (6%) 6%

**ED Financial Risks**

- Profit sharing only 11%
- Profit sharing + losses risk 6%
- No risks associated 56%
- Unknown 28%

**Revenue Changes Due to ACO**

- Unknown 94%
- Increased revenue 6%
- Revenue loss 0%
## Challenges Faced Meeting ACO Goals

### Challenges meeting financial goals of ACO

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physician unfamiliarity with ACO goals</td>
<td>61%</td>
</tr>
<tr>
<td>Coordination with primary care</td>
<td>56%</td>
</tr>
<tr>
<td>Lack of financial incentives</td>
<td>56%</td>
</tr>
<tr>
<td>Coordination with specialists</td>
<td>39%</td>
</tr>
<tr>
<td>Lack of ED resources allocated to ACO</td>
<td>33%</td>
</tr>
</tbody>
</table>

### Non-financial challenges with ACO goals

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Difficulties with care coordination</td>
<td>56%</td>
</tr>
<tr>
<td>Difficult to measure outcomes</td>
<td>44%</td>
</tr>
<tr>
<td>Staff buy-in</td>
<td>22%</td>
</tr>
<tr>
<td>Difficult to meet regulations</td>
<td>11%</td>
</tr>
</tbody>
</table>
Reducing Healthcare Spending

<table>
<thead>
<tr>
<th>Processes to decrease spending, admissions or testing</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case management</td>
<td>83%</td>
</tr>
<tr>
<td>Information Technology Infrastructure</td>
<td>65%</td>
</tr>
<tr>
<td>Direct access to specialists</td>
<td>61%</td>
</tr>
<tr>
<td>Medicare 3-day waiver</td>
<td>48%</td>
</tr>
<tr>
<td>Clinical pathways to reduce admissions</td>
<td>43%</td>
</tr>
<tr>
<td>Streamlined home care or SNF access</td>
<td>43%</td>
</tr>
<tr>
<td>ED operated urgent care</td>
<td>39%</td>
</tr>
<tr>
<td>Telemedicine</td>
<td>39%</td>
</tr>
<tr>
<td>Utilizing community hospitals for lower cost treatment</td>
<td>35%</td>
</tr>
<tr>
<td>Next day PCP follow-up</td>
<td>30%</td>
</tr>
<tr>
<td>Observation units</td>
<td>26%</td>
</tr>
<tr>
<td>PCP operated urgent care</td>
<td>26%</td>
</tr>
<tr>
<td>Triage call centers</td>
<td>13%</td>
</tr>
</tbody>
</table>
## Changes in ED Acuity and Utilization

<table>
<thead>
<tr>
<th>Change in ED Utilization</th>
<th>ED with an ACO Affiliation</th>
<th>EDs without an ACO Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decreased utilization</td>
<td>11%</td>
<td>40%</td>
</tr>
<tr>
<td>Increased utilization</td>
<td>28%</td>
<td>20%</td>
</tr>
<tr>
<td>No change</td>
<td>22%</td>
<td>40%</td>
</tr>
<tr>
<td>Unknown</td>
<td>39%</td>
<td>0%</td>
</tr>
</tbody>
</table>

## Change in acuity of ED visits

<table>
<thead>
<tr>
<th>Acuity Change</th>
<th>ED with an ACO Affiliation</th>
<th>EDs without an ACO Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased acuity</td>
<td>50%</td>
<td>80%</td>
</tr>
<tr>
<td>Decreased acuity</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>No change</td>
<td>50%</td>
<td>20%</td>
</tr>
</tbody>
</table>
Comments on ACO Experience

• “...ACO has increased referrals to the ED, but it is possible that competing ACOs have removed ED patients.”

• “There is extra internal work for ACO (PT, CM, referral calls, etc.) that is not reimbursable.”

• “ACO patients take significant ED time and resources...”

• “Push to contain transfers to other facilities...”

• “Physicians benefit from profit sharing based on which metrics are met.”
Preliminary Conclusions and Next steps

- Majority of EDs in Massachusetts are aligned with an ACO (78%)
- Majority of ACOs involve a hospital + physician group (88%)
- >50% of EDs have no associated financial risk tied to the ACO goals
- Challenges in meeting ACO goals
  - Physician unfamiliarity
  - Lack of financial incentives
  - Difficulties with care coordination and measuring outcomes
- Next steps
  - Collecting additional surveys
  - Finalizing data analysis and conclusions
Questions