

IMPLEMENTING HEALTH REFORM

Accountable Care Organizations

One new concept to come out of the health reform debate is the Accountable Care Organization (ACO). The concept builds off the idea of the patient-centered medical home and calls for primary care physicians, specialists, and hospitals to band together to provide high-quality care for patients. Under the ACO concept, payments would be linked to quality, and ACO providers would have the opportunity to share in any savings realized through better, more cost-effective care. Under the Affordable Care Act, Medicare will launch a shared savings program in 2012 to test the concept.



Dr. Lori Heim, president of the American Academy of Family Physicians, explains how these ACOs might work and what might drive their popularity.

PEDIATRIC NEWS: The AAFP has spent a lot of time promoting the concept of the patient-centered medical home and the medical home neighborhood. Is an ACO the next logical step?

Dr. Heim: The ACO builds on the foundation of a medical home based in primary care. Both have the same goals for the patient: coordinated care that ensures a seamless transition from one service to another and one level of care to another.

The core of an ACO is effective primary care with a focus on prevention, early diagnosis, chronic disease management, and other services delivered through primary care practices. We believe that in order to be successful, ACOs will require a robust network of practices founded in primary care. They may involve other primary care practices, subspecialists, and in some cases hospitals. Envision the ACO as an expanding circle of health professionals with the patient and the patient's medical home in the center.

The ACO concept requires that medical-home practices commit to performance improvement and publicly reported performance results. ACOs are a formalization of the medical home neighborhood, which is essential for a medical home to realize its full potential. Thus, an ACO may be the next logical step for physicians whose practices offer a mix of services; however, isolated rural practices will have more barriers to overcome to become members of an ACO.

We're going to see considerable experimentation with different structural and financing models.

DR. HEIM

of an ACO?

Dr. Heim: ACOs will improve information flow and communication. They will offer payment incentives designed to produce high-quality, patient-centered, efficient care. The problem areas are in aligning the financial incentives in a way that provides the best value to the patient.

Cost savings to support an ACO will come largely from reductions in three areas: inappropriate hospital admissions and readmissions, diagnostic testing and imaging, and subspecialist expenses.

One of the greatest challenges to implementing an ACO is managing the conflicts associated with the internal distribution of funds. So, while we're likely to see improved referral patterns and communication that will provide seamless, high-quality health care, we also are likely to see tension as health communities move away from competition and toward cooperation and collaboration.

PEDIATRIC NEWS: In the future, will all physicians be part of an ACO?

Dr. Heim: Because this concept is so new, it's hard to say. Decisions on organizing the delivery system will be local. We're going to see considerable experimentation

with different structural models, different financing models, and different approaches to sharing payment or system savings among all providers. The medical home is important because its performance can be quantified and compensated relative to the value it brings to the entire system.

The movement will likely begin in large and well-organized independent practice associations (IPAs), multispecialty groups, and integrated delivery systems. For efficiencies of scale, other physicians will first need to organize into groups that can assume performance risk (for quality and efficiency, not insurance risk) and contract with specialists, hospitals, and other providers to build out the ACO model that will be attractive to employers and insurers.

PEDIATRIC NEWS: What do physicians need to do now if they want to experiment with the ACO idea?

Dr. Heim: The first step is to become a high-performing practice by implementing medical procedures, protocols, and services, as well as quality improvement systems. The second step is to think about how physicians' practices fit into a larger health care community to provide comprehensive, integrated care. Physicians need to know their options for organizing into groups to create or become a part of an ACO. They need to understand their options for, and the implications of, contracting with or being employed by hospitals.

Hospitals are strategically buying primary care and subspecialty practices in markets where ACOs are mostly likely to form in order to maintain a flexible posture for the future. It is important for us to examine future contracts in light of potential shared savings for ACO and other payment models, whether we remain in private practice and negotiate contracts, or consider becoming salaried physicians. ■

DR. HEIM is also a hospitalist at Scotland Memorial Hospital in Laurinburg, N.C.



POLICY & PRACTICE

**WANT MORE HEALTH REFORM NEWS?
SUBSCRIBE TO OUR PODCAST — SEARCH
'POLICY & PRACTICE' IN THE iTunes STORE**

AAP Seeks Limits on Sin Ads

The American Academy of Pediatrics, in a policy statement blaming the media in part for adolescent substance abuse, has called for a ban on all tobacco advertising and stiff limits on alcohol advertising. "Although parents, schools, and the federal government are trying to get children and teenagers to 'just say no' to drugs, more than \$25 billion worth of cigarette, alcohol, and prescription drug advertising is effectively working to get them to 'just say yes' to smoking, drinking, and other drugs," the group said in its policy statement. The statement, which was published in the October issue of *Pediatrics*, also called for pediatricians to counsel parents about limiting their children's unsupervised media use.

New Rules Target CHIP Fraud

The Department of Health and Human Services has proposed new rules to fight waste, fraud, and abuse in Medicare, Medicaid, and the Children's Health Insurance Program (CHIP). The rules are

authorized by the Affordable Care Act and would tighten screening of providers wishing to bill the government programs for services, for example, by using broader criminal background checks and even fingerprinting. The rules also require states to terminate from their Medicaid and CHIP programs any provider who has been thrown out of Medicare or another state's health programs. The proposed rule asked for advice on how best to ensure provider compliance. Comments are due to HHS by Nov. 16.

Head Start Funding Parameters Shift

At least one-fourth of low-performing Head Start programs will need to compete, under proposed regulations from HHS, for funding that until now has been almost automatic. The department said it will gauge classroom instruction, health and safety standards, and financial accountability and integrity to determine which programs fall short of minimum standards and will need to compete against others for their funds. To help the underperforming programs im-

prove, HHS said it will create four training and technical assistance centers, which will identify and disseminate evidence-based best practices to local Head Start programs.

Tobacco Firms Infiltrate YouTube

Banned from many other media, tobacco companies appear to be reaching teenagers via YouTube on the Internet, according to a study published in the peer-reviewed journal *Tobacco Control*. Researchers at the University of Otago in New Zealand conducted a YouTube search using the names of five cigarette brands from around the world and then analyzed the 163 videos that were most viewed. Almost three-quarters of them had pro-tobacco content whereas less than 4% had anti-tobacco content. Most of the videos, which featured celebrity, sports, or music themes, included tobacco brand names in the title or elsewhere, and half included smoking imagery. One pro-smoking music video had been viewed more than 2 million times, according to the study's authors.

First EHR Certifying Bodies Named

A nonprofit organization that is dedicated to health information technology and a software-testing lab have been chosen as the first two bodies to officially test

and certify electronic health record (EHR) systems for the federal government. The Certification Commission for Health Information Technology and the Drummond Group can immediately begin certifying EHR systems as HHS compliant, the Department of Health and Human Services announced. Now that HHS has named the certifying organizations, vendors can apply for certification of their EHR systems and physicians soon should be able to purchase certified products, the HHS said.

Insurance Status Varies by Region

Where a child lives in the United States strongly affects his or her risk of being uninsured, with children in the South and West running a much higher risk of not having health coverage than children who live in the Northeast, a report of 2008 data from the Urban Institute shows. Rates of uninsurance in children ranged from less than 2% in Massachusetts to more than 20% in Nevada, the institute reported. Forty percent of all uninsured children live in just three states: Texas, California, and Florida. In addition, in almost all states, being older, Hispanic, or in a low-income family correlated with the likelihood of being uninsured.

—Jane Anderson