Center for Rural Health Policy Analysis

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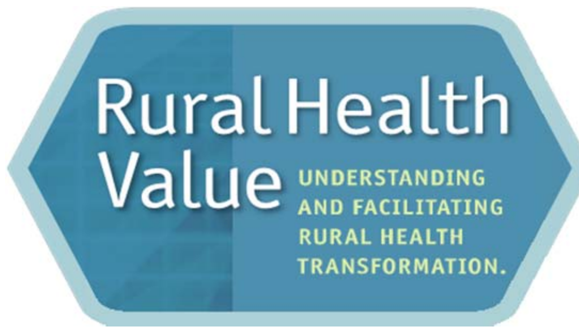

Rural Innovation Profile

A Rural Accountable Care Organization

What: A health care payment and delivery model to provide high quality, comprehensive, coordinated, and patient-centered care at a lower cost.

Who: South East Rural Physicians Alliance Accountable Care Organization (SERPA-ACO), a physician-led ACO that includes 8 rural and 1 suburban clinic in Nebraska.

How: Medicare Shared Savings Program (MSSP), Advanced Payment Model, ACO.

The Patient Protection and Affordable Care Act of 2010 established several new health care payment and delivery programs, including the Advanced Payment ACO Model, part of the MSSP and administered by the Centers for Medicare and Medicaid Services (CMS). The MSSP provides financial incentives to Medicare ACOs to improve beneficiary health and control health care costs. In early 2013, the SERPA-ACO, based in Crete, Nebraska, was approved as a new Advanced Payment ACO.

Key Points

- The MSSP—also called the Medicare ACO program—is designed to provide coordinated, high-quality, and cost-efficient care to Medicare fee-for-service patients. The Advanced Payment ACO Model is an MSSP option designed for rural and physician-based provider organizations.
- The SERPA-ACO is an exclusively rural, physician-led, Medicare ACO that will strive for at least a 3% cost savings achieved through less service duplication, fewer emergency department visits, selection of high-quality and cost-efficient specialty providers/hospitals, and provision of care coordination services.
- To initiate the SERPA-ACO, buy-in from three individuals in each practice was essential: the physician leader (the physician whose opinion partner and colleagues respect), the clinic administrator (to manage operational issues), and a physician lead (the physician willing to regularly work on quality improvement and other process changes).

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AN ACCOUNTABLE CARE ORGANIZATION

Typically, an ACO is a group of physicians and/or hospitals who affiliate under a new Taxpayer Identification Number. To participate in the MSSP, ACOs must serve at least 5,000 Medicare fee-for-service patients and agree to participate in the program for at least 3 years.[1] The MSSP is designed to support coordinated, high-quality care for Medicare fee-for-service patients.[2] Coordinated, high-quality care occurs when "patients, in particular the chronically ill, get the right care at the right time, while avoiding unnecessary duplication of services and preventing medical errors."[2] During the ACO contract period, CMS continues to pay the ACO providers fee-for-service as per the Medicare Fee Schedule. If total fee-for-service payments are less than predicted, and if the ACO meets quality-of-care (including patient satisfaction) standards, CMS then shares the cost savings with the ACO. To assess care quality, the MSSP requires ACOs to report performance on 33 outpatient quality and patient safety measures.

THE MEDICARE SHARED SAVINGS PROGRAM ADVANCED PAYMENT MODEL

One option for organizations participating as ACOs in the MSSP is the Advanced Payment Model. The Advanced Payment Model is designed for physician-based and rural providers that meet MSSP eligibility requirements and certain organizational revenue limits ($50 million for physician-only organizations and $80 million for organizations that include one or more Critical Access Hospitals). To support start-up, Advance Payment ACOs (including the SERPA-ACO) received an upfront, interest-free loan of $250,000 plus $38 per assigned Medicare beneficiary. In addition, the Advance Payment ACOs receive $8 per beneficiary per month for the first 18 months of the 36-month contract.[3] CMS determined that the SERPA-ACO provides the plurality of primary care services for 10,000 beneficiaries.

> "Physician ACOs will be the real drivers in changing the health care system."
>
> – Jolene Huneke

THE SOUTH EAST RURAL PHYSICIANS ALLIANCE ACCOUNTABLE CARE ORGANIZATION

The SERPA-ACO is a rural, physician-led ACO. Approved by CMS in January 2013, the SERPA-ACO includes 1 Rural Health Clinic, 7 rural physician-owned clinics, and 1 suburban physician-owned clinic. The clinics employ 70 providers: 48 physicians and 22 midlevel practitioners. The clinics formed the SERPA-ACO as a new limited liability corporation. A representative from each clinic serves on the SERPA-ACO Board of Directors. An executive director, a medical director, and consultants (on an as-needed basis) staff the SERPA-ACO. The SERPA-ACO does not include hospital participants.

Jolene Huneke, SERPA-ACO Executive Director, notes that a desire to remain independent from large health systems helped bring the SERPA-ACO practices together. Furthermore, the physicians were interested in opportunities to be paid for improving patient and community health, rather than exclusively being paid for "running on the hamster wheel" of fee-for-service. Ms. Huneke recalls several lessons learned while bringing different practices together as an ACO. Buy-in from three individuals in each practice was essential: the physician leader (the physician whose opinion partner and colleagues respect), the clinic administrator (to manage operational issues), and a physician lead (the physician willing to regularly work on quality improvement and other process changes). In addition, it was helpful to provide comprehensive information about ACO regulations and performance expectations up front, so physicians were completely informed prior to joining the new organization. Lastly, unique governance and bylaws ensured that the SERPA-ACO was considered inclusive of, but unique to, the participating practices.

Prior to forming an ACO, SERPA providers were adopting Patient-Centered Medical Home (PCMH) infrastructures and processes. The Advanced Payment ACO model provided capital for the SERPA-ACO to implement PCMHs more rapidly. For example, all SERPA-ACO clinics have implemented an electronic health record (EHR) and have met Stage 1 of Meaningful Use; four of the clinics use the same EHR. In addition, the SERPA-ACO is hiring care coordinators to support patient care coordination for the organization.

> "They [SERPA-ACO providers] saw the opportunity to improve care and decrease costs and had to go for it. It's just very exciting."
>
> – Jolene Huneke

If total Medicare fee-for-service payments to the SERPA-ACO are less than predicted, CMS will share savings with the SERPA-ACO. CMS predicts expected payments based on the SERPA-ACO beneficiaries' past three-year's cost experience (Medicare Part A plus Part B costs). Medicare applies a cost inflation factor (based on national Medicare cost trends) to the SERPA-ACO historic cost calculation to determine the final projected cost. Since the SERPA-ACO includes fewer than 15,000 beneficiaries, the SERPA-ACO must achieve at least a 3% savings (i.e., actual cost $\leq$ 97% of projected costs) to be eligible for shared savings. The SERPA-ACO's shared savings (if available) first repays the CMS loan. If the SERPA-ACO does not realize enough savings to pay back its loan over the 3-year contract period, CMS forgives the loan. If the SERPA-ACO realizes more savings than needed to pay off the loan, CMS shares the additional savings with the SERPA-ACO. Ms. Huneke states that her organization projects a minimum 3% cost savings to be achieved through less service duplication, fewer emergency department visits, selection of high-quality and cost-efficient specialty providers/hospitals, and provision of care coordination services.

Ms. Huneke described the potential impact of a physician-led ACO by stating, "SERPA-ACO physicians will have access to accurate and comparable data based on cost, quality, patient safety, and patient satisfaction." The SERPA-ACO can use these data to improve chronic disease management and care coordination. Additionally, physicians and patients can use publicly reported data to determine the best location for care outside of the primary care setting. However, Ms. Huneke warns that not all data from the clinics' electronic health record is necessarily accurate. The "garbage in, garbage out" rule applies. For example, if a diabetes check is provided but coded improperly, not only will that particular quality metric be deficient, but an opportunity to assess care may be lost. Moreover, CMS data reports consolidate costs from different settings making interpretation and appropriate ACO action difficult. Despite these data challenges, SERPA-ACO members view the MSSP Advanced Payment ACO model as a vital opportunity to improve patient outcomes, and control costs.

The work of the SERPA-ACO as an MSSP Advanced Payment ACO has just begun. While the SERPA-ACO is confident and excited about this new opportunity, they are in the early stages of implementation. Initial outcomes are anticipated sometime in 2014. The SERPA-ACO is a new and exciting rural health care model. The Rural Health Systems Analysis and Technical Assistance team will follow SERPA-ACO's anticipated success.

NOTES

[1]http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/Downloads/ACO-NarrativeMeasures-Specs.pdf

[2]http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ACO/index.html?redirect=/aco/

[3]http://innovation.cms.gov/initiatives/Advance-Payment-ACO-Model/

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