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## **ACOs and Other Partnerships: What it Takes to Make Them Successful**

Mike Meyer, President

October 19, 2011

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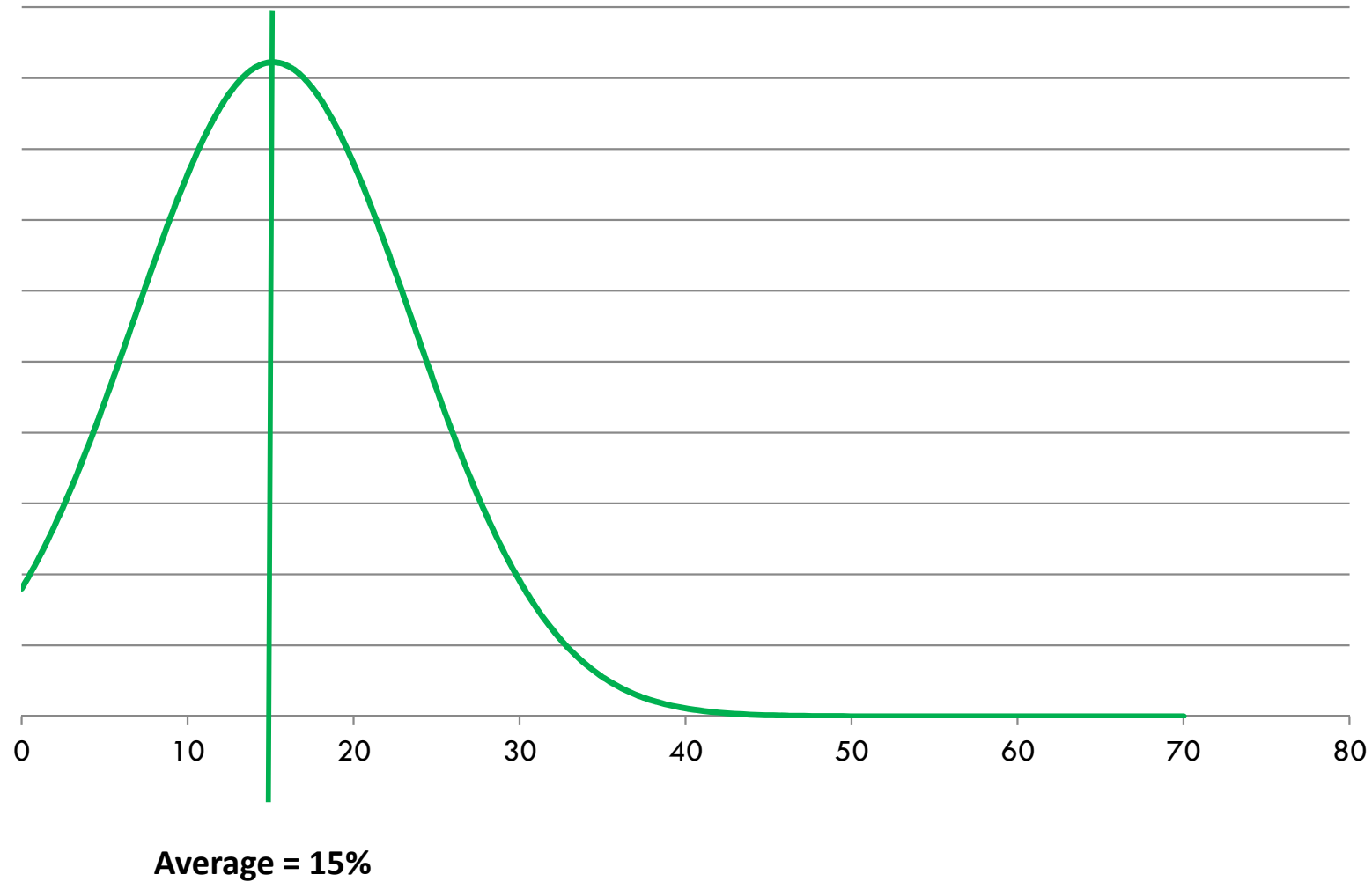
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## HOW IMPORTANT ARE ACOS?

Results from a nationwide survey of hospitals, health plans and multi-specialty medical groups regarding trends in contracting and partnerships

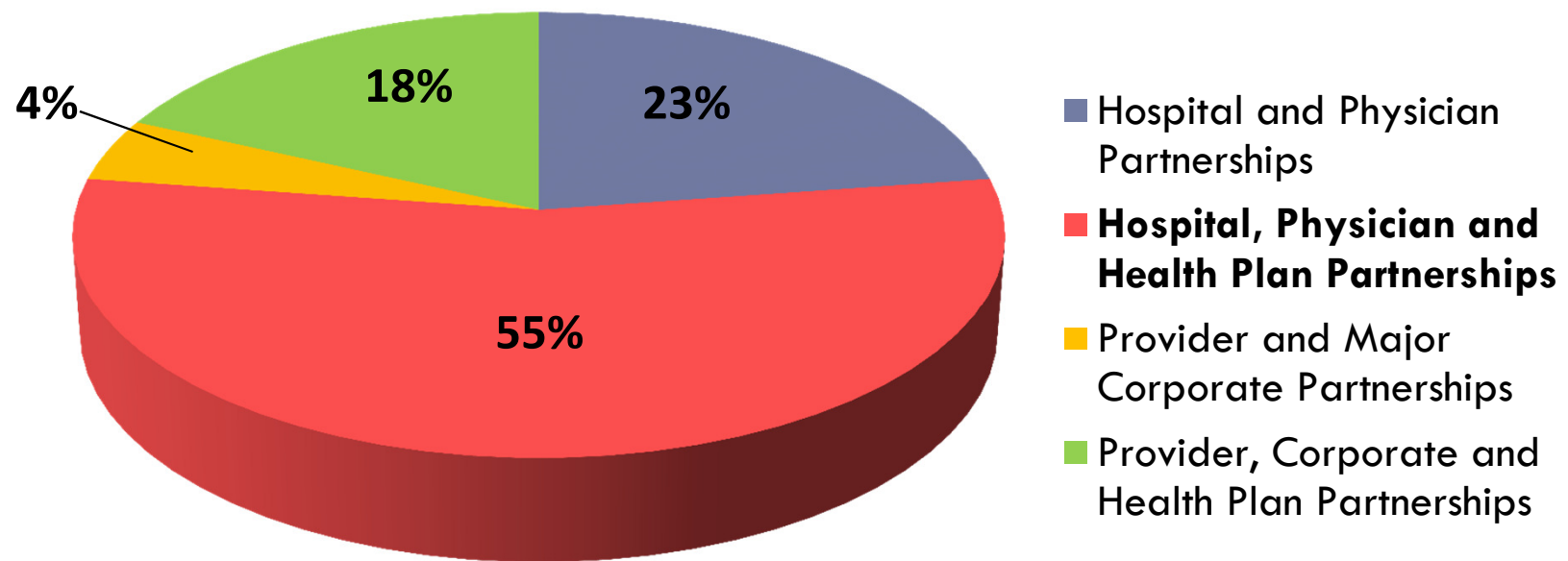
What percentage of cost-savings do you believe can be taken out of the healthcare system in the next three years without substantially impacting quality?

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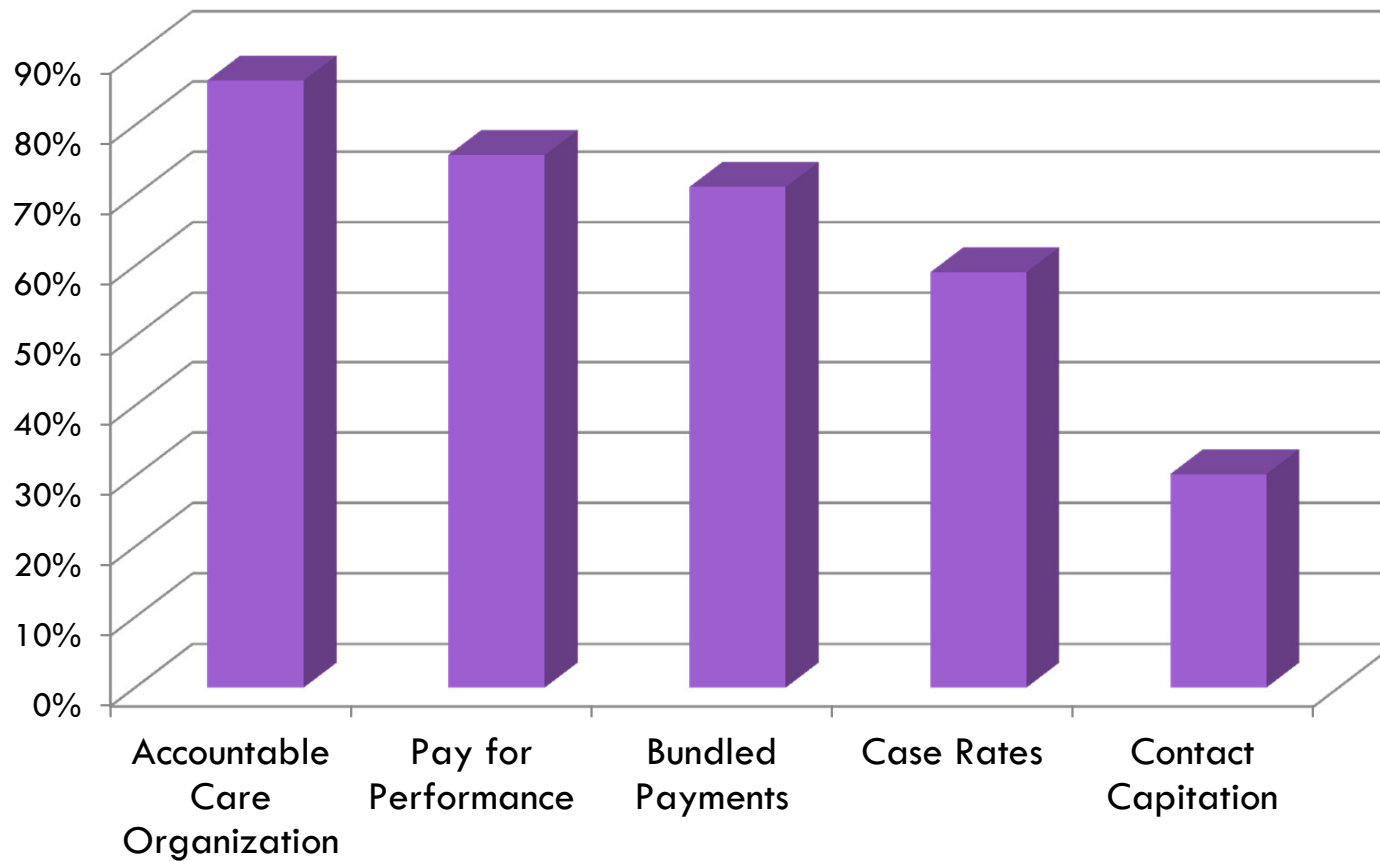
In preparing your organization for health care reform, which of these partnerships will be the most essential? Why?

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# What types of alternative contracting approaches are you considering?

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In preparing your organization for health care reform, which of these partnerships will be the most essential? Why?

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“Hospital and physician partnerships are obvious...hospitals need the physicians’ cooperation to drive more effective and efficient outcomes. The health plan partnership will need to evolve to align financial incentives equitably and appropriately. It will be a challenge to change from the current adversarial partnership of necessity to one that is collaborative.” – *Health Plan Respondent*

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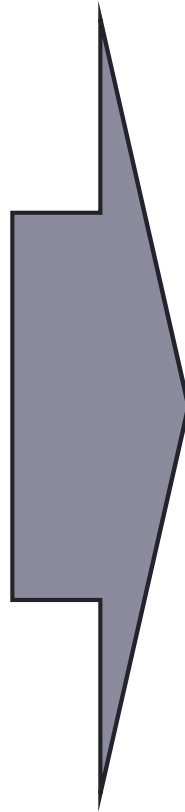
Culture, Leadership and Organization  
will Define ACO Partnership Success

# Paradigm Shift

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## Old Paradigm

- Reimbursement
- Market Share
- Quality – Patient Centric

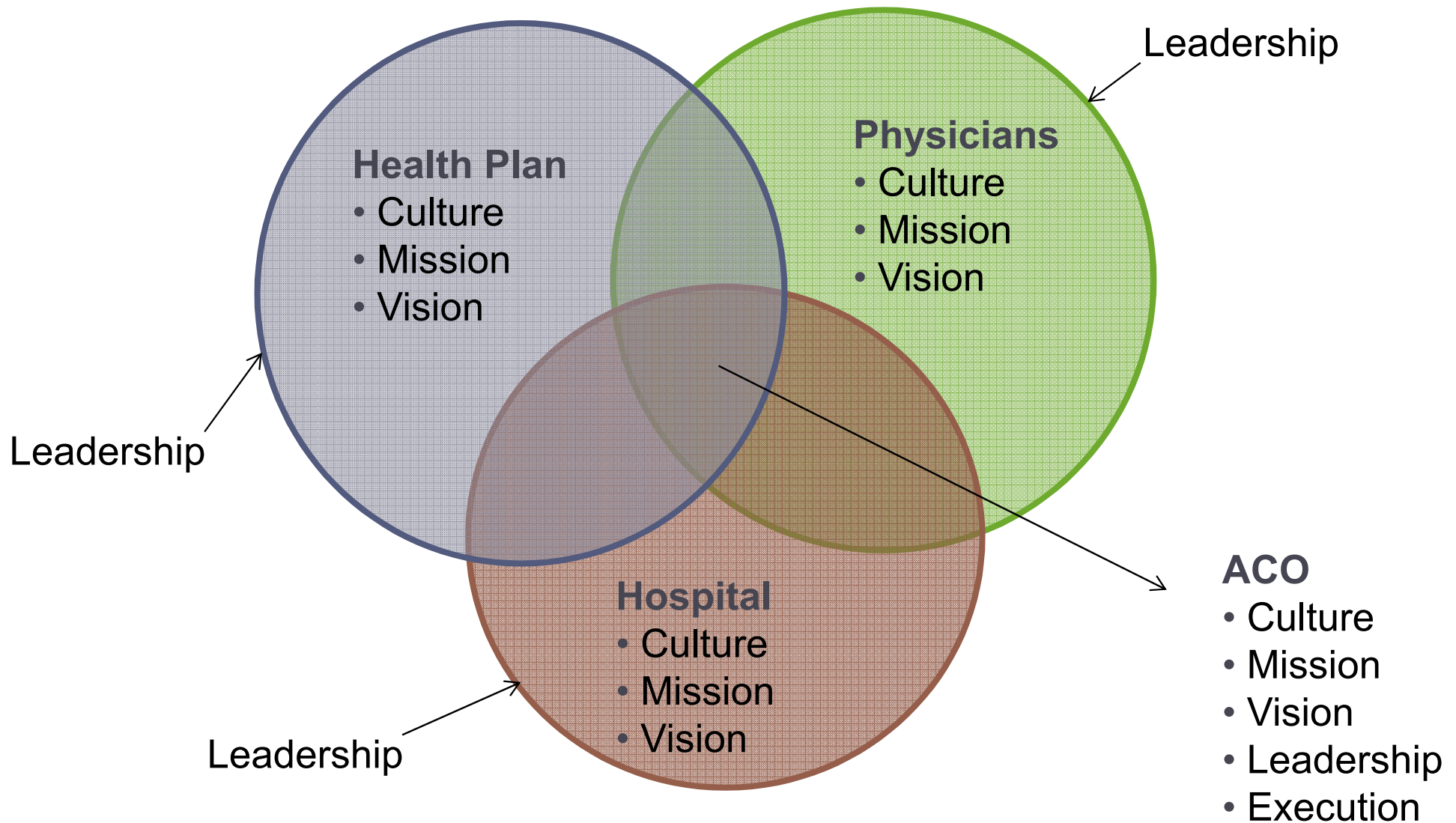


## New Paradigm

- Quality – Patient and Population Centric
- Improving Patient/Provider satisfaction
- Bending the Cost Curve
- Market Share
- Aligned Incentives (Clinical, Financial)

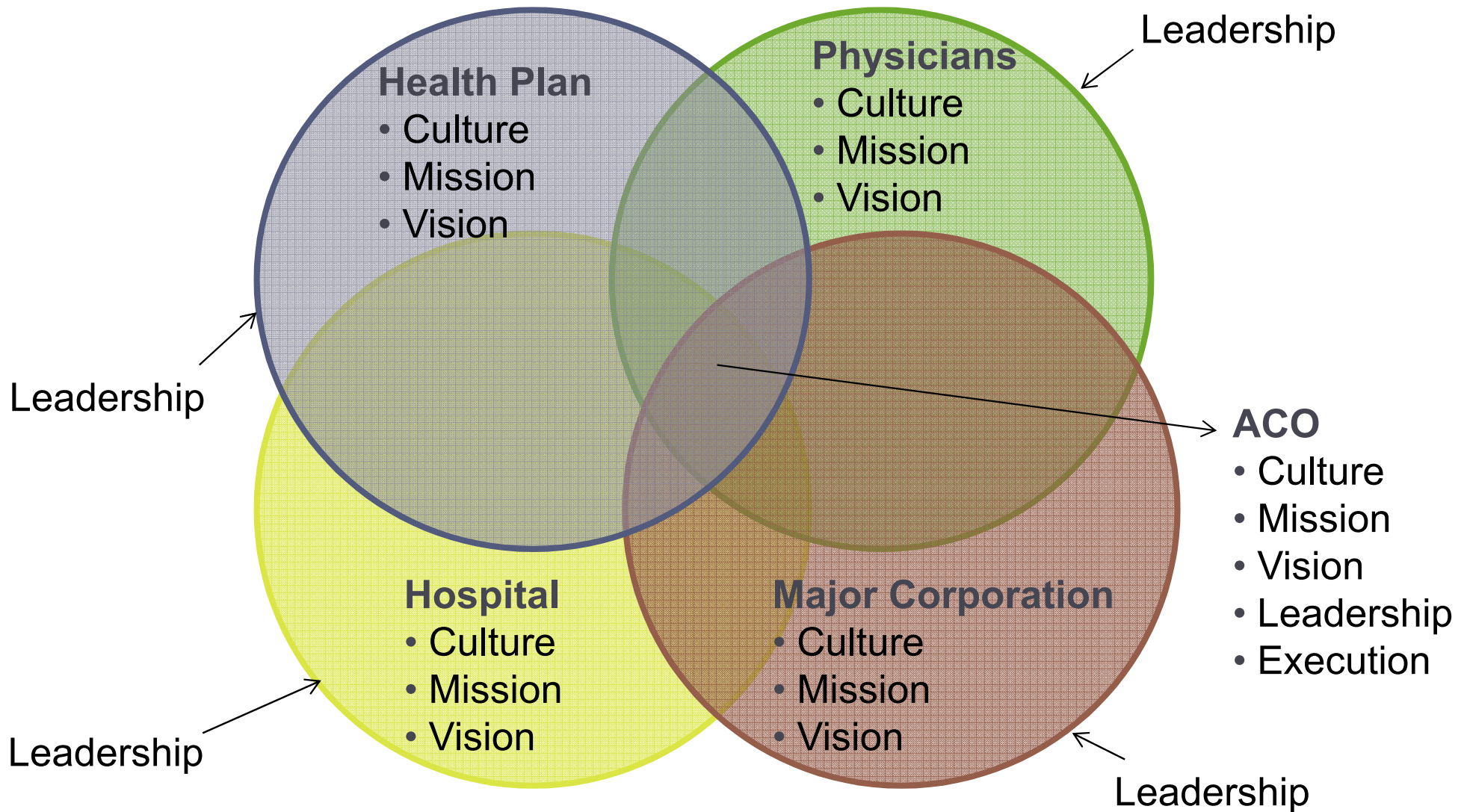


# The ACO / Partnership Circle



# The ACO / Partnership Circle

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# Culture Matters

# Culture Defined

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Basically, “organizational culture” is the defining characteristics of an organization.

Culture is comprised of the values, norms, mission and vision of organization members and their behaviors.

# Examples of Types of Health Care Organization Cultures

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- Physician-Centric
- Academic
- Technology-Centric
- Intrapreneurial
- Tolerance for Risk
- Continuous Process Improvement
- Not-For-Profit
- For-Profit
- System

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# Leadership Matters

# Characteristics Necessary in ACO Leaders

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- Ability to align financial and quality incentives
- Commitment to ACO Mission and Vision
- Physician-centric
- Innovator
- Capable of integrating teams
- Technology-centric
- Understanding of quality
- Entrepreneurial
- Analytical
- Someone who gets things done

# Characteristics Necessary in ACO Leaders

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Each partner must have a leader who other partners see as competent, fair and committed.

*If you don't have that the ACO partnership WILL FAIL.*



# How to Identify ACO Leaders

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Finding leaders (Board and Management) with years of ACO experience is difficult.

# How to Identify ACO Leaders

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- EXTERNAL – In organizations that represent partnerships between physicians, hospitals and health plans
  - ▣ Integrated Delivery Systems
  - ▣ Health plans
  - ▣ Sophisticated medical groups
  - ▣ Consultants
  - ▣ Hospitals
  - ▣ Military
- INTERNAL - Within each partner organization
  - ▣ These leaders bring first-hand understanding of the desired culture and local market dynamics

# Skills Needed in ACO Leaders

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Skill	Expert	Intermediate	Optional
Medical/Care Management	X		
Analytics	X		
Information Technology		X	
Finance		X	
Actuarial		X	
Legal			X
Network Development/Management	X		
Business Development/Marketing		X	

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# Organization Matters

# Models for ACO Organization Structure

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- Embedded model
- Separate company by one or more of the partners
- Separate ACO/corporation formed by the partners

# Functions Under the ACO

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- ACO structure must include authority over certain functions to ensure success
- Necessary Functions:
  - ▣ Medical/Care Management
  - ▣ Analytics/IT
  - ▣ Finance and Actuarial
  - ▣ Business Development/Marketing
  - ▣ Network Development/Management
- Optional/Shared Functions:
  - ▣ Medical Group Management
  - ▣ Legal

# ACO / Partnership Board

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- How should Board Members be selected; Board Chair?
- Is there an agreed upon Mission / Vision Statement?
- Does the Board have Fiduciary Responsibility?
- Are there Position Descriptions for Board Chair and Members?

# ACO / Partnership Teams

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- Who are the team members responsible for planning and execution? Is there a CEO or “Leader” designated?
- Do team members have time, resources and authority to execute successfully?
- How are they selected? What worked and did not work?



# ACO Resources and Compliance

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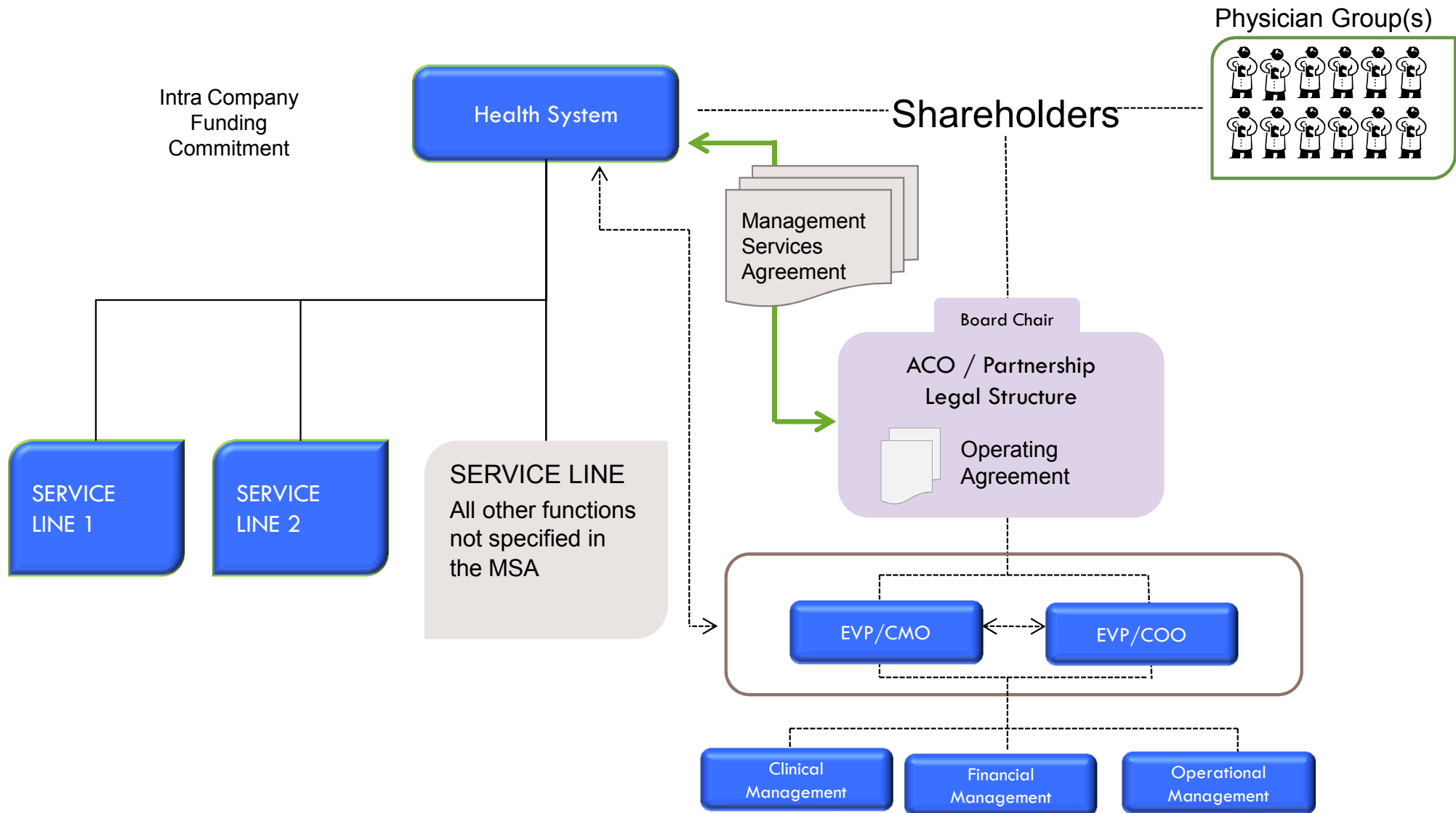
- Have sufficient resources been budgeted?
- Is venture in compliance with FTC, DOJ and HHS requirements? *“Meaningful Clinical Integration”*

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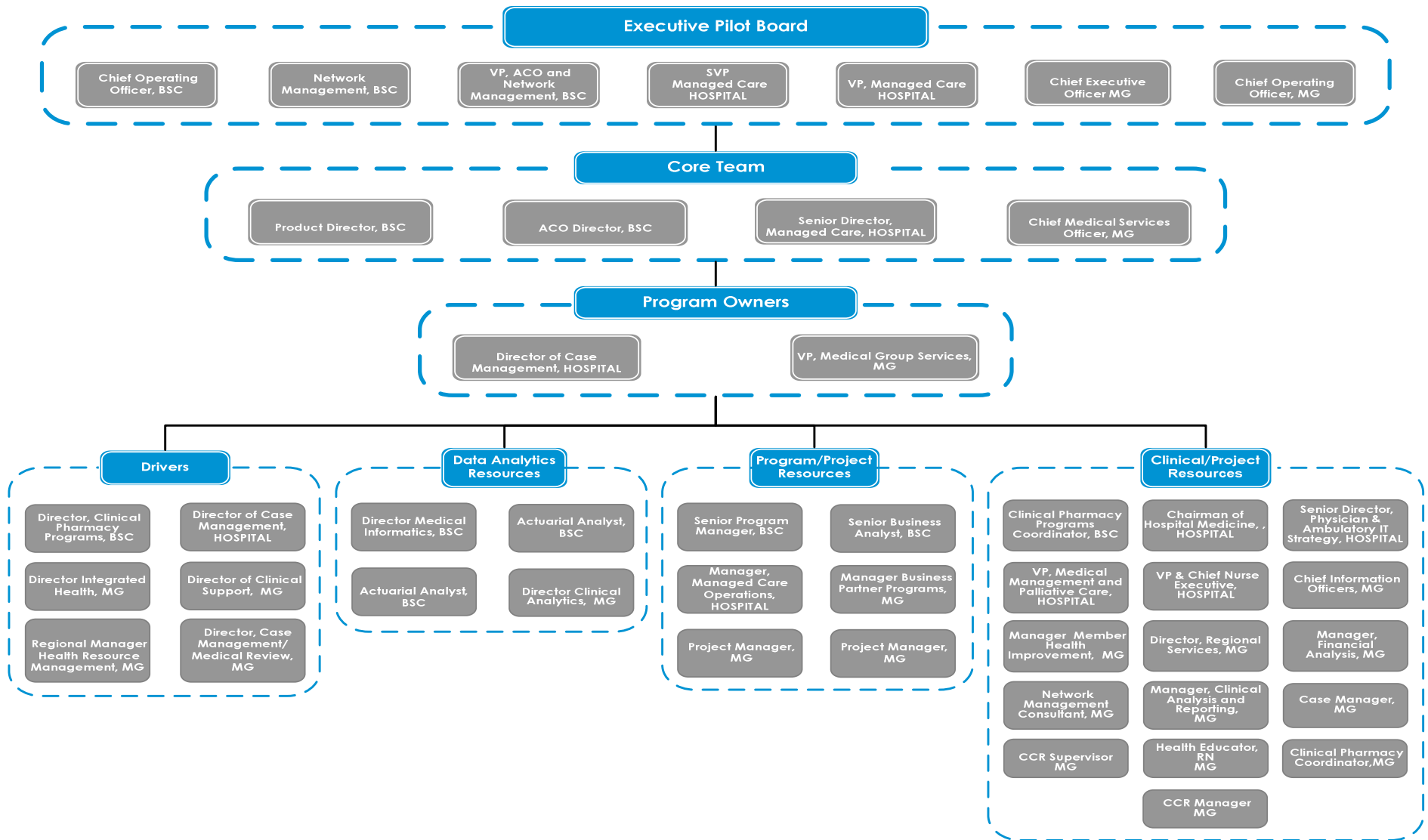
# Examples

# Co-Management Organizational and Leadership Model

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# CaPERS ACO Collaboration Structure



# CCSF ACO Collaboration Structure

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# Finding the Right Partner

# Finding the Right Partners

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- Test Motivation of the Potential Partner
  - Are they responding promptly?
  - Have they assigned senior people?
  - Do you have a shared vision?
  - Will the partnership work in the long run?

# Finding the Right Partners

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- Test if Potential Partner has Ability to Execute
  - On core competencies
  - Financial resources
  - *If not, can they get there?*



# Finding the Right Partners

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- If Partner is a Provider how are Physicians being paid?
  
- Test Sophistication to be a Partner
  - ▣ Is there a solid Board structure?
  - ▣ Is there a commitment to Evidence-Based Medicine?

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# The More Partners, The More Difficult It Gets

# Good or Bad Partners?

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# Put Three in Mix...Even Harder

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# Four...Even Harder

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