



Rethinking Health Care Delivery:

Accountable Care Organizations and Patient-Centered Medical Homes

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Baylor Health Care System Organizational Overview



- ✓ 26 Owned/Operated/Affiliated Hospitals
- ✓ 21 Ambulatory Surgery Centers
- ✓ 11 Rehabilitation Clinics
- ✓ 17 Satellite Outpatient Clinics
- ✓ Baylor Research Institute
- ✓ 2 Philanthropic Foundations
- ✓ 20,000 Employees
- ✓ 500 Physicians Employed in HealthTexas
- ✓ 122 Physician Clinic Locations
- ✓ 4,012 Medical Staff Members
- ✓ 3,055 Active Medical Staff
- ✓ 3,423 Licensed beds



A General Definition:

An Accountable Care Organization (ACO) is a group of primary care physicians, specialists, hospitals, and potentially other facilities who accept joint responsibility for the quality and cost of care of a defined population. Within its design, the opportunity exists to bend the cost curve and otherwise correct the failings of the current volume-based fee for service reimbursement environment.

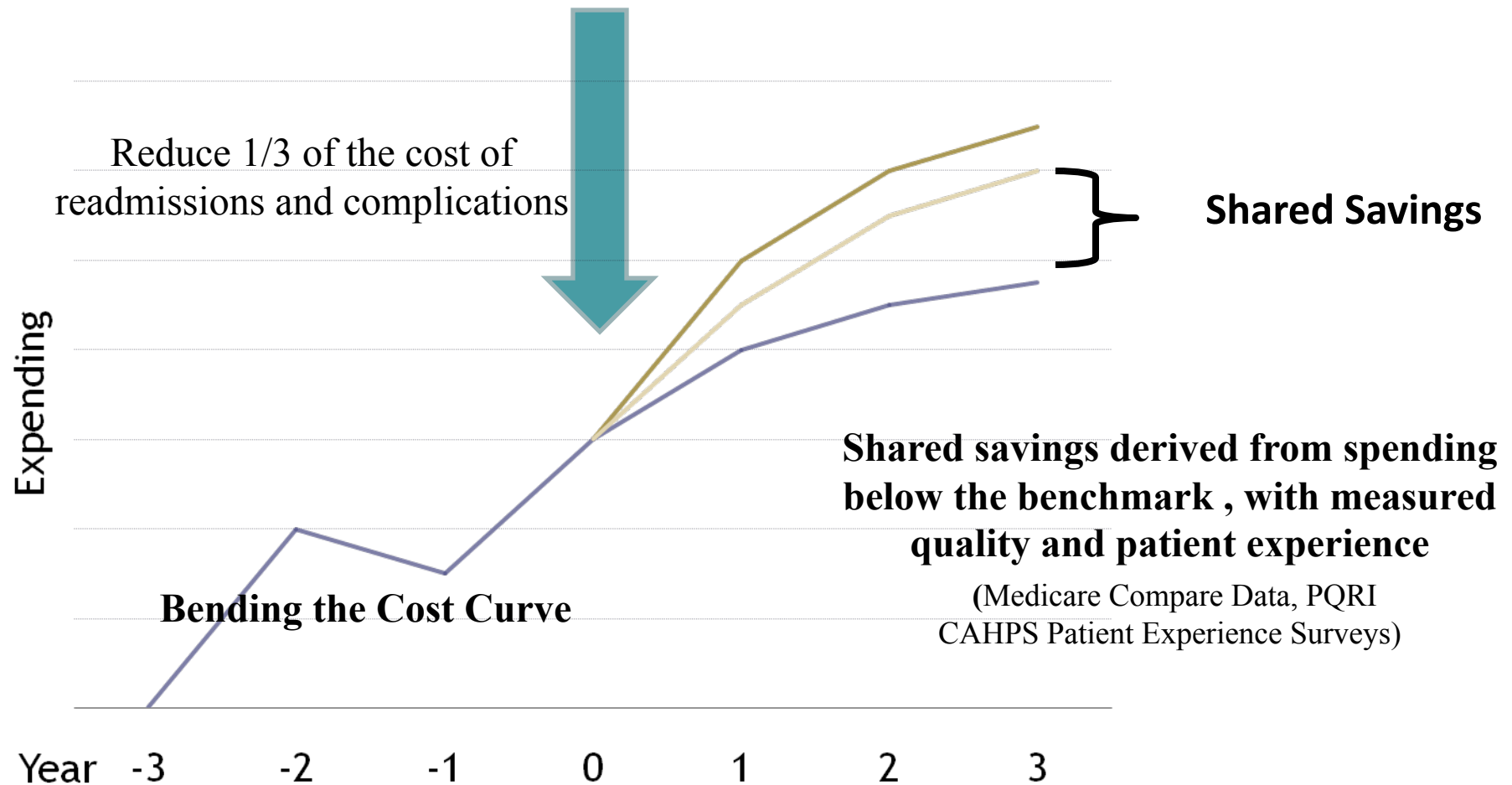


So how exactly does this work?

1. Baylor facilities and physicians agree to pilot an ACO with a payer
2. The ACO provides list of participating providers to the payer
3. Patients are “assigned” (directly or through “attribution”) to the ACO
4. Actuarial projections about future spending are based on prior years cost data
5. Payer & ACO negotiate spending benchmark and shared savings
6. Payer & ACO negotiate quality and patient satisfaction benchmarks
7. ACO implements capacity, process, & delivery system improvement strategies
e.g., reducing avoidable hospitalizations, coordinating care, health IT, LEAN, utilization management, etc.
8. ACO publishes progress reports on cost and quality for ACO providers and beneficiaries
9. At year end, total and per capita spending are measured for all patients (regardless of whether they received care from ACO providers)
10. If the ACO achieves both quality and cost targets, its providers may be eligible to receive a bonus.



In order to meet the quality and cost goals of this payment system, an ACO must be able to: care for patients across the continuum of care, in different institutional settings





So How Do We Reduce the Cost of Care While Assuring Higher Quality?

- Through better care coordination, assuring that the 20% of patients that drive 80% of the costs receive care at the right place and at the right time.
- Assigning every patient to a patient-centered medical home (PCMH).
- Providing care at the right labor rate: Teaching physicians to be managers of a team of providers, including midlevels, MAs, nutritionists, pharmacy techs, etc.
- Managing patient handoffs more effectively and efficiently (Patient Tracking, Coordinated inbound and outbound referrals, speeding a patient through an episode of care.)
- By developing information systems with real time data exchange with decision support.



- Access and capacity: Physician manpower challenges.
- Changing mind sets and old habits: Overcoming skepticism and promoting cross-specialty collaboration and an internal culture of continuous process improvement
- Federal and state laws