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# Accountable Care Organizations

The Tipping Point for Behavioral Health

**Part 1: A Fad or the Future?**

**Part 2: How Behavioral Health Can Ride the Wave**



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## About the National Council

The National Council for Community Behavioral Healthcare is the unifying voice of America's behavioral health organizations. Together with our 1,950 member organizations, we serve our nation's most vulnerable citizens — more than 6 million adults and children with mental illnesses and addiction disorders. We are committed to providing comprehensive, quality care that affords every opportunity for recovery and inclusion in all aspects of community life.

The National Council advocates for public policies in mental and behavioral health that ensure that people who are ill can access comprehensive healthcare services. And we offer state-of-the-science education and practice improvement resources so that services are efficient and effective.



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# Part 1: A Fad or the Future?

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On October 20, 2011, the federal government announced “final rules” for Accountable Care Organizations (ACOs) that will be the pathway for participation in the new Medicare Shared Savings Program. Like other providers and delivery systems, ACOs will be financed and regulated by other payers, too (e.g., Medicaid and private insurance), but these new rules outline requirements under Medicare. These rules include several user-friendly changes to the earlier draft rules that increase the likelihood that the healthcare community will continue its march toward accountable systems of care. The final rules could also create a tipping point to help behavioral health provider organizations become part of the new healthcare ecosystem.

## Key Changes In Final Shared Savings Program Rules

**Administrative burden:** The final rules reduce the administrative burden for starting and operating an ACO. They provide greater flexibility in governance and administrative structure and require half as many performance measures (33 compared with 65 in the draft regulations). These changes will likely lead to greater participation in the program, faster spread of ACOs, and increase the likelihood that ACOs will be part of the future. Behavioral health provider organizations will want to create their footprint in the market as early as possible.

**Inclusion of health centers:** The final rules allow Federally Qualified Health Centers and Rural Health Centers to start their own ACOs and be designated as “eligible ACO participants.” This change creates a more solid platform for the development of safety net ACOs across the country. Behavioral health provider organizations can now approach health centers with the business case that if the two groups work together, they can create an ACO that serves Medicaid, Medicare, and dual eligible enrollees in ways that can truly bend the cost curve through successful integration, wrapping care around the most complex and costly cases. In addition to addressing critical treatment needs, behavioral health providers’ track record of providing care management will be a key selling point.

**Financial risk and reward:** The final rules make it easier to earn shared savings bonuses, eliminate the proposed shared savings withhold, and provide a higher level of potential shared savings to the ACO. These changes will increase the likelihood that a Medicare Shared Savings ACO will be able to achieve a sustainable return on investment for the participants — if the ACO is well designed and the implementation is well executed.

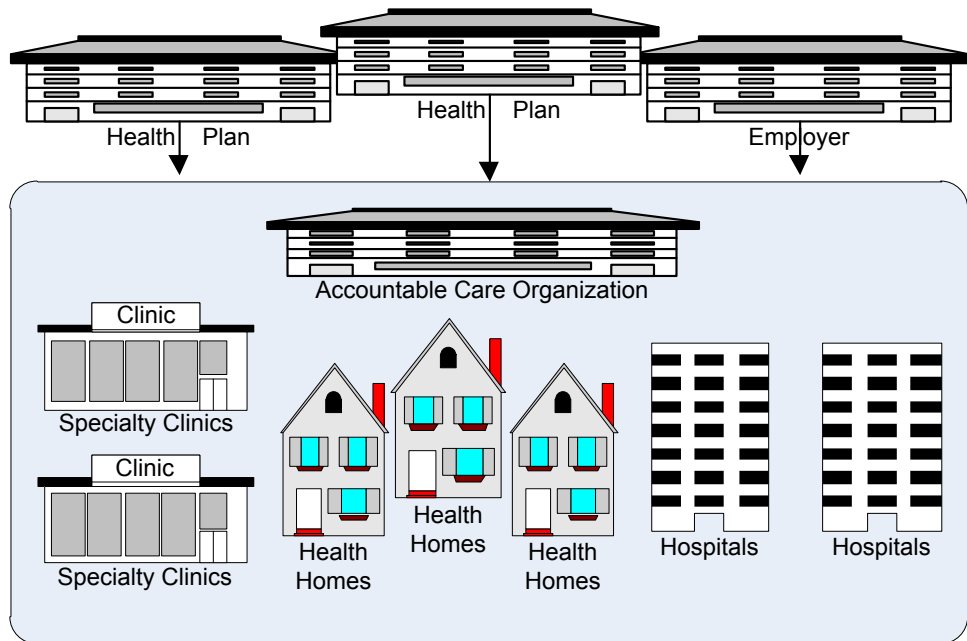
**How is this a tipping point?**

The significance of these changes becomes clear if we explore the following questions:

- What really makes an ACO?
- Who can create and join an ACO?
- As behavioral health leaders contemplate participating in ACOs in their community, are ACOs a fad or the future? Where do behavioral health provider organizations fit in?

**What Is An ACO?**

An ACO is a legal entity made up of groups of providers that are willing to become accountable for the quality, cost, and overall care for a designated population. Unlike the last generation of managed care, the person-centered healthcare home is at the center of the ACO, supported by specialists (including behavioral health), hospitals, and other parts of the delivery system. If these providers work together to help improve the health of their patients, provide better care, and reduce costs while achieving identified outcomes, the ACO will be able to share in the savings generated by their good work. Many consider ACOs as the vehicle for changing the incentives in the U.S. healthcare system so that we move from a sick care system (the money only starts flowing after you get sick) to a true healthcare system.



ACOs are being designed to serve many Americans: Medicare and Medicaid enrollees, those with commercial insurance, and self-insured employer groups. Medicare has jumped into the ACO game with two major initiatives. The Medicare Shared Savings Program will serve Medicare enrollees in the fee for service program who account for 36 million of the 47 million Americans with Medicare coverage. Under this program, providers will continue to be paid fee for service, but will be eligible for sharing the savings generated through their coordinated efforts – if they achieve passing scores on their quality performance report card.

Medicare has also rolled out the Pioneer ACO Model, a version for healthcare organizations that have already been operating as accountable systems of care. Integrated health systems such as Kaiser, Group Health, Intermountain Healthcare, and Geisinger Health System are candidates for this model. Pioneer ACOs will be able to implement more innovative payment models, increasing the potential for reward and risk.

### Who Is Creating ACOs?

There are a number of groups organizing themselves into ACOs in communities across the country. They include:

- **Integrated Health Systems:** Organizations like those listed above already act as accountable systems of care and are poised to benefit from this new model.
- **Independent Physician Associations (IPAs):** IPAs are made up of independent provider practices that have come together to create a managed care company owned by the practices. ACOs are the next step in their evolution.
- **Multi-Specialty Groups:** These are large group practices that provide primary and specialty care under a single corporate structure. The ACO model allows them to move more quickly from getting paid for volume to getting paid for value.
- **Hospitals:** Many hospitals are purchasing group practices in order to create ACOs.
- **Health Plans:** Health plans are also purchasing group practices in order to create ACOs.
- **FQHCs/RHCs:** As mentioned above, under the Medicare Shared Savings Program, Federally Qualified Health Centers and Rural Health Centers are now able to create their own ACOs.

These organizations understand that it is absolutely essential to move beyond fee for service payment models in order to survive and thrive. They predict that ACOs are a vehicle that public and private payors will use to move from paying for volume

to paying for value in the U.S. healthcare system. The National Council anticipates that, with the release of the final Shared Savings Program rules, the pace of ACO development will increase as provider organizations prepare for the April and July 2012 go-live dates for the Medicare Shared Savings ACO program.

### **Where Do Behavioral Healthcare Organizations Fit In?**

As we move to value-based purchasing in healthcare, more and more leaders are gaining an awareness of how many people have a behavioral health disorder; that the healthcare costs of this group are, on average, higher than those without behavioral health disorders; that behavioral health is essential to health; and that we can't fix the healthcare system without the assistance of behavioral health providers.

Will this awareness translate into ACO organizers searching out high performing behavioral health providers in their community and inviting them to the ACO organizing table? Probably not, and that's why you need to get out there now.

### **Where Does Your Organization Fit In?**

In the National Council publication, *Mental Health & Substance Use Provider Readiness Assessment* (<http://www.thenationalcouncil.org/galleries/business-practice%20files/Provider%20Readiness%20Assessment.pdf>), we describe a well-prepared behavioral healthcare organization as follows:

*We have identified the organizers of the local Accountable Care Organization(s) and have succeeded in having a place at the planning and design table. If there are currently no ACO development activities in our community, we are in discussion with healthcare leaders to initiate the development of a local Accountable Care Organization.*

How closely does this description match your agency? What's happening in your community? Has the pace of ACO development picked up since the October release of the final rules? Is participation in an ACO part of your future?

If you haven't already, it's time to get out in front and make the case for your organization's place in an ACO. The development of ACOs is fast-paced, and establishing the behavioral healthcare footprint is an issue for today, not tomorrow.

# Part 2: How Behavioral Health Can Ride the Wave

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Behavioral healthcare providers need to get out in front and make the case for your organization's place in an ACO.

## **Should I Prioritize Exploring Participation In An ACO?**

If you are operating in a state and community where ACO development efforts are under way, your choices are:

1. Do nothing and hope the ACOs ignore the population I serve
2. Become a Preferred Provider to the ACO
3. Become a Member of the ACO
4. Get in on the ground floor and become a Founding Member/Owner of the ACO
5. Become an Acquisition Target for a Healthcare Organization that is at the center of the organizing activities

If you select options 2 – 5, you are now faced with the next question.

Where to start? Or as one leader asked, “How do we ‘get in on the action’ so we’re not watching the train go by while we are still standing on the platform?”

We’ve outlined a few ideas of how to begin positioning yourself. In the end, though, it’s going to take pluck, business savvy, and your ability to demonstrate how your organization is value added.

### **Step 1: Develop a list of key informant interview questions.**

Create your list of questions about healthcare reform, ACOs, and who is actively preparing for your community's future.

### **Step 2: Find out what ACO organizing efforts are already underway.**

There isn't a master list somewhere tracking these developments, so start by simply asking people who might know.

### **Step 3: Develop your business case elevator speech.**

Provide a compelling case for how your behavioral healthcare organization can help potential partners achieve the triple aim – better health, better care, and reduced costs.

### **Step 4: Set up meetings (plural)**

This is where your business savvy and networking skills come in. If ACO developments are already stirring, use the power of degrees of separation to get introductions to a few healthcare leaders and set up coffee or lunch dates. The purpose of these get-togethers is to learn about how the healthcare leaders are preparing for healthcare reform and discuss the role of behavioral health.

Don't limit yourself to meeting just one person. Depending on the size of your community, multiple ACOs may be in development. Also, ACOs just being created – as opposed to Pioneer ACOs – are probably partnerships across multiple groups; presenting the role of behavioral healthcare to multiple facets of that partnership will only strengthen your case.

### **Step 5: Make your business presentation case.**

When you have your face-to-face, the objectives of your meeting include:

- Demonstrate that you are knowledgeable about how to fix the healthcare system
- Learn about the ACO efforts unfolding in the community
- Learn about the leader's perspective about how to fix the healthcare system so you can increase your knowledge
- Increase the leader's knowledge of the importance of behavioral health to succeeding in the ACO arena
- Size up the openness of the leader as a potential partner
- If there is openness, identify one follow-up step; the holy grail is to get invited to the next ACO organizing meeting if the leader is plugged in and can extend the invitation

### **Step 6: Repeat.**

Critique how your first meeting went and make adjustments for the next one. And there must be a next one: ACO developments are fast-paced, complex, and new; there are no templates for how these business arrangements will work. Continue your interviews/business presentations and make yourself the go-to organization for behavioral healthcare needs.

A variation on this game plan is to go straight to wrangling invitations to the ACO organizing meetings, demonstrate the value of behavioral health services at those meetings, and then arrange for coffee with key folks who've attended.

### **When The ACO Field Is Quiet**

If ACO-related efforts are not already underway in your community, create a short list of healthcare leaders that you could see your behavioral healthcare organization partnering with and get the conversation going. You should be looking for FQHCs/RHCs, primary care providers, hospitals, and multi-specialty groups that could work collaboratively to provide the “whole health” care needed by patients with complex health conditions. Pick the potentially strongest partners, and start there.

Note that much of your success will be driven by your ability to become best friends with your healthcare colleagues and successfully pitch the value you can bring to the table.