The Bigger Picture

BOB KEAVENEY

Who Cares about ACOs?

By bungling its proposal for Accountable Care Organizations, has Medicare blown its chance to lead the reshaping of American healthcare?

The government's ACO proposal and its "shared savings" plan for those who form them, intended as a step toward unifying a fragmented healthcare system, have been widely panned. But it may be moot, since hospitals' years-long strategy of purchasing community clinics is more likely to lead to a consolidated healthcare delivery system than anything the government cooks up.

That strategy began long before health reform was back on Congress' agenda, much less CMS', and continues today. The proportion of medical practices owned by physicians, which had been about 70 percent in 2002, is now less than 50 percent, according to the Medical Group Management Association. Hospitals now own most practices.

What does that mean for ACOs? The concept is central to the government's broader plan to make healthcare delivery more team-oriented, value-based, and cheaper. That and broadening healthcare access are the twin goals of reform. But CMS' ideas for payment-model incentives to spur development of ACOs have gone over like a skunk at the church picnic.

A recent survey by the American Medical Group Association found that 93 percent of its (mostly large-group) members would not be interested in joining or forming an ACO as currently proposed. *Congressional Quarterly* put the question to several of the nation's largest health systems, and their reactions ranged from skeptical to patronizing to dismissive. "There'd have to be substantial revisions for us to participate," says a Mayo Clinic executive. The "detail-level work is problematic," says Pennsylvania's Geisinger Health. Intermountain Healthcare in Utah and Idaho called the whole idea "fluff" and "a distraction" from better ideas already taking shape for making healthcare more coordinated.

What's the problem? Put simply, the government is asking the providers to accept too much risk without offering enough potential reward. It's "overly prescriptive [and] operationally burdensome," wrote AMGA president Donald Fisher in a letter to CMS chief Donald Berwick. He added that "the incentives are too difficult to achieve to make this voluntary program attractive."

Proposed regulations can be manipulated, and these will surely change before the Jan. 1, 2012 start date. But for now, the industry seems to be saying "Thanks Uncle Sam, we'll take that under advisement. Now, would you mind stepping out of the way so we can finish fixing healthcare for you?"

Of course, there's no telling yet whether the hospitals will deliver a truly integrated system either. Simply owning a bunch of formerly independent healthcare practices doesn't change the unique operational dynamics within them, nor does it make hospital CEOs experts in running retail clinics. But it does create an opportunity for standardization of technologies, customer service procedures, and recordkeeping that have never existed in primary care — and which customers obviously want, as evidenced by the rise of 24-hour walk-in clinics, for example.

It would great if Medicare can figure out a way to get on the bandwagon by rewarding more efficient providers in a way that is actually rewarding. If not, healthcare will reform itself without Medicare.

What do you think ACOs will mean for your practice? Tell me about it: bob.keaveney@ubm.com. Unless you say otherwise, we'll assume that we're free to publish your comments in upcoming issues of Physicians Practice, *in print and online.*

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