

# PATH TO ACCOUNTABLE CARE



*Improving the quality of care and patient outcomes while reducing or controlling costs is an overriding goal of payment reform. One essential feature for achieving this goal is making provider organizations—often called accountable care organizations—more clinically and financially accountable for their patients and the care they provide. Based on our deep experience in health care payment transformation, with our partner 3M Health Information Systems, Treo Solutions has designed an innovative, incremental accountable care model that builds on existing payment and claims infrastructures. This patient-centered approach is based on actionable data, uses proven payment tools, incrementally expands risk for providers, engages consumers as partners in health, and offers internal and external transparency.*

The Treo Path to Accountable Care is driven by the belief that to be successful accountable care relationships must align incentives between payers and providers. This means shifting provider perspectives to caring for patient populations as a community rather than independently as individual patients or individual patient illness or disease. A shift in focus can result in improved quality and efficiency as measured by the avoidance of preventable events. Our data shows that sharing the savings that results from reduced preventables with providers is enough to create aligned incentives.

## Treo Solutions' Path to Accountable Care

### Transforming and Aligning Payment to Reduce Variation

Accountable care begins with aligning what you pay for, how you pay for it, and what you get, with a focus on costs and margins as the basis for evaluating payment performance. Integrating more refined patient classification systems for inpatient (e.g., All Patient Refined-DRGs) and outpatient (e.g., Enhanced Ambulatory Patient Groups) services results in payments that more closely reflect the true cost of care. In addition, these systems offer reliable metrics for measuring, managing, and monitoring provider performance, and are essential for creating the infrastructure and capturing the clinically-relevant data necessary for linking quality and performance to payment.

### Linking Quality and Payment through Value-Based Purchasing

Treo's experience shows that significant savings and improved patient outcomes can be achieved by focusing on "preventables"—avoidable initial admissions and readmissions, and unnecessary emergency room visits and ancillary services. Our research shows that substantial dollars can be saved and quality of care improved by first targeting interventions for individuals with multiple chronic conditions.

Many organizations initially focus their efforts around potentially preventable readmissions, then incorporate other preventable events. Preventables provide a credible, quantifiable way to link provider performance on quality and outcomes with payment. Adding risk-adjusted tools for population management, such as Clinical Resource Groups (CRGs), gives plans the ability to examine populations at risk for preventable events and to identify opportunities for targeting interventions—both payment and care innovations.

### Moving toward Patient-Centered Episode Payments

A critical step to accountable care is shifting payment to episodes of care, also often referred to as bundling. Unlike other approaches to episode payments, the Treo model is focused on paying for services delivered to people, not payment for adherence to a set of defined services for treating specific diseases. Episodes, within the Treo approach, are defined using a number of criteria including: 1) a *trigger* (the health care event the precipitates the episode), 2), *acuity of the patient* at the time of the episode trigger event; 3) *the window* encompassed by the episode (number of days, pre- and post- health care event), 4) *service scope* (services included in the episode, e.g., physician office visits, pharmaceutical use), and 5) *chronic disease burden* (extent of patients' co-morbid chronic diseases at the beginning of the episode). Once defined, episode payment weights can be developed and implementation can begin.

### Achieving Accountable Care

Treo's accountable care model supports provider entities that are accountable for patients' clinical outcomes (provider performance, quality measures, and utilization) and/or financial risk. There is no one "size fits all" accountable care entity or structure — there will be medical homes, integrated delivery networks, and accountable care organizations (ACOs). The type of organization, its structure, and its risk sharing/gainsharing arrangements will be dictated by the local configuration of health care services. Regardless of the type or structure, in order to be successful, accountable care entities will need to be patient-centered, reward physicians/providers for coordinating care, quantify patient outcomes and savings, ensure utilization is not reduced at the expense of quality, engage patients, and incorporate transparency for internal and external audiences.



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