



The Treo Solutions Four Steps to Accountable Care

The need to make healthcare truly “accountable”—that is, to improve cost and quality by aligning the right payment with the right performance—has been understood for decades. Now, spurred by the passage of the healthcare reform bill, events are turning that overall desire into action.

Payers and providers are at the center of this rapidly changing healthcare economy. Their success in aligning economic incentives is the surest way to move all parties toward the ultimate goal of accountable care.

Based on our deep experience as the Healthcare Payment Transformation Company, and in partnership with 3M™ Health Information Systems, we have designed The Treo Solutions Four Steps to Accountable Care. Treo’s innovative Four Steps:

- Are built on existing payment and claims infrastructures
- Rely on actionable analytics
- Incrementally expand risk for providers
- Offer internal and external transparency
- Focus on patient-centered care and payment
- Use risk-adjusted, proven payment tools
- Engage consumers as partners in health

The Treo Solutions Four Steps to Accountable Care offers healthcare payers and providers a path to achieve accountable care through payment transformation. It is driven by the belief that to be successful accountable care must align payment incentives and performance in order to cut costs and improve quality.

Each of the four steps works in concert with the others to achieve the long-term changes inherent in payment transformation and accountable care. The Treo Solutions Four Steps to Accountable Care is flexible, recognizing that there are varying starting points and market conditions that require different applications of the Steps and different times.

Aligning Payment to Reduce Variation

The Treo Solutions Four Steps to Accountable Care begins with alignment—aligning what you pay for, how you pay for it, and what you get with an initial focus on costs and margins to evaluate payment performance. Integrating risk-adjusted, more refined patient classification systems for inpatient (APR-DRGs) and outpatient (EAPGs) services results in payment that more closely reflects the true cost of care and a strong foundation for capturing the clinically-relevant data needed to link quality and performance to payment.

Linking Quality and Payment – Targeting Preventable Events

Driving healthcare value, by linking quality of care and payments, is a critical step towards accountable care. Our experience shows that



significant savings and improved patient outcomes can be achieved by focusing on Potentially Preventable Events (PPEs)—admissions, readmissions, emergency room visits, and ancillary services. Substantial dollars can be saved and quality can be improved by first targeting interventions for individuals with multiple chronic conditions.

Many healthcare organizations are initially focusing their efforts around Potentially Preventable Readmissions (PPRs), then incorporating other Potentially Preventable Events (PPEs). PPEs provide a credible, quantifiable link to provider performance on quality to payment. Adding risk-adjusted tools for population management, such as Clinical Risk Groups (CRGs), enables plans and providers to examine populations at risk for preventable events and to identify opportunities for targeting interventions—both payment and care innovations.



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Moving to Patient-Centered Episode and Bundled Payments

A key accountable care element is the movement to patient-centered episode or bundled payments. Under a system of bundled or episode-based payment reimbursement for multiple providers is bundled into a single, comprehensive payment that covers all of the services involved in the patient's care. This shift in payment brings healthcare a step closer to the goals of accountable care by: controlling costs through aligned incentives; improving care coordination; achieving savings through reducing preventable events; and mitigating the risk of treating populations.

Step Three: Moving to Patient-Centered Episodes and Bundled Payments

Unlike other approaches to bundled payments, the Treo approach is focused on paying for services delivered to people, not for adhering to a set of defined services or guidelines for treating specific diseases. Key considerations examined by Treo in partnership with our clients in building bundles include: services to be targeted; settings for those services; the scope of the bundled payment (e.g., inpatient hospitalization or inpatient hospitalization plus pre-operative and post-operative services); and the providers to be included in the bundled payment.

Achieving Accountable Care – Medical Homes, ACOs, and Transparency

The Treo Solutions Four Steps to Accountable Care support 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 structures—there will be medical homes, integrated delivery networks, and accountable care organizations (ACOs). The type of organization, its structure, and its risk-sharing/gain-sharing arrangements will be dictated by the local configuration of healthcare services. Regardless of the type or structure, in order to be successful, accountable care entities will need to be: patient-centered; offer incentives for coordinating care; link quality patient outcomes and savings; ensure utilization is not reduced at the expense of quality; engage patients; and incorporate internal and external transparency.

Step Four: Achieving Accountable Care - Medical Homes, ACOs & Transparency

Treo Solutions—The Healthcare Payment Transformation Company

As the Healthcare Payment Transformation Company, Treo Solutions specializes in **aligning** economic incentives and performance to lower costs and improve quality—the path for reaching the ultimate goal of accountable care.

Our experts work with payers and providers to define, control and measure **alignment**—using tested analytics, strategies, and technologies to stay in front of the curve, to turn healthcare alignment into a competitive advantage for our clients and better care for patients.

Our whole-system, **analytic + advisory** approach is applied in each step of The Treo Solutions Four Steps to Accountable Care, which guides payers and providers through payment transformation.

Treo Solutions offers a measurably higher return for healthcare payers and providers: the systematic analysis and application of data for true **alignment** of payment and performance in healthcare. At Treo, we call it simply: **ROA—Return on Alignment.**

Strengthen your position in the marketplace today.

For more information about how Treo Solution's analytics service can help strengthen your position in the marketplace contact sales@treosolutions.com.

