

Glenridge Case Study

Preparing for Outcomes Based Care – Delivery System Transformation from FFS to Accountable Care

Accountable Care Organization - ACO - has become the siren song of the industry. Dictionary definition of “siren song”: *the enticing appeal of something alluring but potentially dangerous.*

As the industry responds to the pressure to improve quality while simultaneously lowering costs, reimbursement models are evolving to align with this shift. A true ACO is the result of a delivery system’s evolution from transactional care to relational care, moving from pure fee-for-service to outcomes based reimbursement. As organizations become operationally and financially responsible for delivering on the triple aim of improving the health of the population, increasing patient satisfaction and reducing care costs, the requirements for the ACO begin to rival those of a traditional payer.

The Challenge

A leading regional health system with a network of almost 2,000 physician providers and 20 facilities serving over 20 counties in 2 states is implementing their 10-year strategic vision. A core component of this strategy is the transformation of care delivery through the development and implementation of an Accountable Care Organization. They quickly established a wholly-owned subsidiary responsible for the ACO governance, strategy and infrastructure. To accommodate CMS’s timelines for ACO application, the ACO needed to rapidly develop a comprehensive strategic roadmap by segment, product and region; simultaneously launch a fully-operational TPA with risk-share arrangements; while concurrently assessing and responding to new program opportunities such as Pioneer ACO and potential payer partnerships involving risk-share arrangements. The Organization quickly realized they needed significant additional expertise and tools to complete the necessary analysis and due diligence, achieve board approvals and establish infrastructure for a comprehensive risk-bearing entity.

Our Solution

Glenridge was brought in to assist the senior management team with the strategic and business planning. Glenridge’s technology tools, including a Proprietary Financial Modeling and Analytics tool and a Provider Network Adequacy Assessment Tool were key assets deployed to complete a current state assessment and present a comprehensive opportunity overview to the Executive team and Board of Directors.

Once the current state assessment was complete and initial opportunities were identified, the Glenridge team was tasked with establishing and modeling 5-year financial projections by product & segment with a range of outcomes from low to

Robust financial & analytics modeling tools & expertise, network adequacy modules and assessments are critical but not always cost effective to develop in-house.

Positioning for ACO and outcomes based care is a complex endeavor, placing the delivery system on deliberate path to functioning as payer.

high, based on a variety of critical success factors. These scenarios were driven by enrollment, revenue, care, administrative, capital and surplus assumptions by product and segment that led to high-level pro-formas.

During this time, the ACO was working to launch a TPA for over 15,000 lives with over \$1 million of their fees at risk based on achievement of cost savings goals. Glenridge assistance with this aggressive undertaking included:

Pioneer ACO presented a challenge and an opportunity. The organization developed alternative financial models for the Pioneer ACO Application that aligned with established MA reimbursement methodology while also establishing a framework for risk-contracting with other payer partners.

- Network access fee, administrative fee and risk-share terms review
- In-depth claims analysis to identify key savings opportunities by provider, diagnosis and service type
- Benefit design recommendations

The strategic roadmap and TPA strategy required the ACO to develop and execute a new provider/facility contract with their entire network. Glenridge first completed a comprehensive fee schedule/reimbursement analysis and worked with their legal consultants to craft new all-product contract documents with redefined terms & program addenda, including ACO, Medicare Advantage, Medicaid, and Commercial programs.

In the midst of working through the deliverables above, CMMI/CMS announced the Pioneer ACO program. Glenridge was further engaged to assist the Organization in the strategic evaluation of the Pioneer ACO program, tasked with developing an alternative payment option for submission to CMMI/CMS and completing the Pioneer ACO application for the Organization.

Ultimately, Glenridge completed an industry overview, competitive assessment and current state review that were combined with the 5-year financial projections to outline options for assumption of risk, reward and required investment – including licensure requirements and outcome based/globally captiated ACO risk arrangements. These recommendations were presented to the Board and became the 5-year strategic roadmap for the Organization.

About Glenridge

Glenridge HealthCare Solutions is a professional services and data management firm specializing in provider network development, managed care programs and health plan operations. Current engagements include regional and national network development initiatives, financial modeling, Medical Home and ACO development. In addition to an impressive team of managed care professionals, we have proprietary project and data management systems specifically developed to manage projects and data for medium and large scale network development projects. We have offices in the DC/Baltimore area, a team of managed care contractors throughout the country, as well as a call center and document processing center to support the administrative needs of national initiatives.