Bootstrapped ACOs Facing Risk? Adopt Cost Strategies With Long Term RoI

written by Theresa Hush | April 18, 2019

The experimental phase of Medicare ACOs has been officially declared dead, per CMS. Going forward, ACOs must agree to take on financial risk for expenditures beyond their targets. That's sobering news for the majority of ACOs still struggling to succeed.

The reality is that most ACOs are bootstrapped—light on extra funding and dependent on existing tools to do more. In fact, about two-thirds of ACOs report that funding is their most significant challenge. And that is probably understated, since patient engagement problems (also reported by two-thirds of ACOs) and lack of data (reported by 40 percent) are remedied by solutions that require money.

ACOs that can save money over the long term, rather than count on one-time savings, will be better positioned under risk. While some investment in technology and data will be required, it should not be formidably expensive. Beautiful analytics must drive conversation and processes for providers, in three critical areas:

Variation in costs by episode of care.
Examination of what is working or not to produce best individual outcomes and lowest costs.
How physicians can speak so that patients can listen and engage.

Our eBook strategies can serve as the foundation for initiating long-term change and innovation.

Five Criteria for ACO Strategies to Achieve Return on Investment

ACOs must be selective in how they choose strategies for improvement, conserving precious resources for those initiatives with the highest likelihood of working. As payers turn to financial risk, ACOs have neither the time nor money to experiment without a good expectation of success. Using Return on Investment as a key criterion makes sense, because it directly relates the initiative to the end goal of efficiency.

Before adopting strategies, ACOs need to ensure that they are checking one or more of these boxes to deliver maximum results for patients and the organization. Ask whether each strategy or improvement program can meet these criteria:

Test impact. Are patient volume and/or costs big enough to drive lower per-patient annual spending?
Optimize specialty services. Does this initiative help ACOs to set up a network and services that optimize referrals and prudent use of specialty services by patients?
Encourage physician growth. Does it create a positive learning process for physicians to lower costs of care through investigating patient experiences?
Improve medical decision-making. Does the initiative help physicians achieve motivational communication with patients that engages them in goal-setting and informed medical decisions based on benefits? Does it help patients become more skillful medical consumers?
Help patients at highest risk. Is it focused on patients with the greatest likelihood of long-term gains—such as patients with highest risk of admissions and emergency services; or patients who are economically disadvantaged, minorities or women; or with high cost chronic disease?

ACOs will fail the test of financial risk if they simply adopt the popular strategies of other ACOs or health systems. Instead, ACOs should innovate: establish core values and standards of care, then fit strategies to their goals. Since one of those goals will undoubtedly involve saving

money, Return on Investment provides an excellent criterion for choosing how to start.

Founded as ICLOPS in 2002, Roji Health Intelligence guides health care systems, providers and patients on the path to better health through Solutions that help providers improve their value and succeed in Risk. Roji Health Intelligence is a CMS Qualified Clinical Data Registry.

Image: Dan Carlson