New ACO Playbook: 3 Strategies to Tackle Hidden Costs of Specialty Care

written by Theresa Hush | August 26, 2021

Your ACO's most significant costs may seem obvious. CMS and most ACOs have put an enormous emphasis on reducing utilization of hospital facilities and nursing home care to control costs. But your real key to cost reduction is knowing what drives avoidable admissions and stays in the first place. And with 50-60 percent of costs attributed to specialty physicians, that is where you need to start.

Specialists are—and should be—involved in your most complex patients' care. Those specialists will benefit from a collaborative involvement in cost data. And both your ACO and your patients will benefit from better and more coordinated care as your organization works with specialists to reduce variation in costs of treatments, including procedures.

Why Look at Specialty Care?

Specialty services generate higher cost for several reasons: patients with more serious illness, high use of medical technology, higher use of hospital outpatient or inpatient facilities, and the

involvement of other specialists (e.g., imaging, anesthesia). These individual elements of the package of services that a patient receives comprise a patient episode. Comparing similar patient episodes by procedure and diagnosis will illuminate variations in costs and the packages of services used per-patient, as well as reveal opportunities.

Different practice patterns in both primary and specialty care generate cost variations. These should be examined by physicians using clear visual analytics to create an optimal clinical pathway. Episodes can also be used to identify low value procedures or clinical appropriateness issues prior to the patient undergoing treatment.

Your ACO Can Make a Difference Just by Sharing Cost Data with Specialists

Both you and your referring specialists should be aware of cost variation. The advantage you bring to specialists is the ability to bundle essential data points together into patient episodes (yes, this will require a vendor to organize the data and analytics for you). Because you have claims data, you and your specialists can see a comprehensive view of costs as well as possible interventions. They cannot see the costs without your help.

When patient episodes of the same procedures are displayed in analytics, episodes with higher costs stand out from the average. Drilling down into episode details will reveal reasons why higher or lower costs resulted; each cost differential, in turn, represents a preference or a clinical decision made by the performing physician or associates. There could be variation in physician approaches, such as laparoscopic or open surgical incisions, or variation in imaging and choice of procedures, venues, and pharmaceuticals. Each will generate an episode cost that can be compared and investigated.

Specialists who see cost data can investigate these differences either individually or in practice settings, with the objective of identifying and reducing cost and care variation. Your ACO can likewise compare specialists and their costs for the same condition or procedure and generate discussion about the contributing factors to higher or lower costs.

Three Strategies to Help ACOs and Specialists Develop Common Ground on Data Sharing

1. Negotiate the collection and use of specialty practice data to support episodes of care.

Your options include a process that collects data entirely under specialty practice control, whereby the practice would send to your ACO their analytics and cost variation data but maintain control over the patient data itself. Most specialty practices would not have the expertise to do this without external help. Or you could use an intermediary vendor to collect the data and create the analytics for the episode, since you will need to have the latter performed anyway. Under either option, specialists could be admitted to your referral network if they participated in the data sharing.

Specialists would need data privacy assurances and would most likely be unwilling to give up financial information. However, that is not an impediment, since using a Medicare fee schedule could substitute for real charge or collections information and would create a standard for comparison.

2. Agree on episodes for your highest-cost areas of care, and on criteria for patients to be referred to specialists.

You will not need episodes to cover all specialty areas, but only your higher cost specialty areas. Procedural episodes will typically include orthopedics, including joint replacements and spine surgery; cardiology/cardiac surgery; and some gastrointestinal services. You may also adopt episodes that are part of CMS programs, similar to cancer and kidney disease payment models.

It will be beneficial for medical specialists if you also include them in episodes related to diabetes, COPD, asthma, hypertension, heart failure, and cardiovascular conditions. This gives them a quid pro quo involvement for patients whose outcomes are not improving, and where specialty referrals could be considered.

Your ACO should develop a process for specialists to review a small sample of episodes each month and measure whether that occurred through your data vendor. In addition, there should be an overarching process in practices to review systemic reasons for higher costs that come out of the analytics. Both these activities should identify candidates for developing new clinical processes, streamlining care, examining patient selection, or looking at costs in different time-phases of the episodes.

3. Create mechanisms for primary and specialty involvement in selected cases, involving review of outcomes and cost episode data.

Here the objective is for physicians to develop interventions that could be rolled out on a larger scale for populations with similar issues. Communication on episodes can facilitate greater understanding and collaboration, leading to more optimal specialty care.

Roji Health Intelligence has targeted seven analytics as fundamental to episode analytics that provide a guide to what both ACOs and physicians need to see. Extending the value of episodes from cost analytics into improvements in medical decision-making will help physicians and patients realize the potential of primary care-specialty collaboration on patient care. Even in ACOs with independent specialist physicians, data-driven strategies to examine cost and outcomes can lead to benefits for cost performance and outcomes improvement.

It is virtually impossible for ACOs or specialty groups to independently achieve improvement of costs without common data between them. Collaboration and data sharing will help specialists become more competitive, have access to health plan contracts that reach more patients, and, possibly, open the field for employer-based agreements. For ACOs, engaging specialists in cost control strategies can determine whether you are successful in Risk and can compete with Medicare Advantage and other payment models.

Founded 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.

Image: Pierre Bamin