Mount Auburn Hospital and MACIPA as an ACO

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Building Accountable Care Organizations
Outline

- Mount Auburn Hospital overview
- Community Hospital-IPA partnerships: Mount Auburn Hospital and MACIPA as an ACO
- MACIPA Background and Structure
- Keys to Success
- Challenges to Developing an ACO
Mount Auburn Hospital

- Mount Auburn Hospital located in Cambridge, MA is a regional teaching hospital of Harvard Medical School
- Serves the Boston/Cambridge Metro area
- Founded in 1886 as first hospital in Cambridge
- Mount Auburn Hospital mission:
  - Provide clinically excellent care with compassion
  - Teach students of medicine and health professionals to benefit the next generation of patients and their families
Mount Auburn Hospital
Background

- A community/tertiary care facility with 203 licensed beds and 29 bassinets

- Licensed beds include:
  - 20 Obstetrics
  - 167 Med/Surg
  - 16 Psych

- Provides comprehensive inpatient, outpatient and specialty services at main campus and 25 off-site locations
Mount Auburn Hospital and MACIPA

- Managed care partners since 1985
- Long history of investment in systems and programs to manage costs
- Teaching level hospital care without the skyrocketing costs of competing hospitals
- Systems established to prevent leakage to costlier hospital care
- Active and engaged leadership at hospital and IPA willing to partner with payers to achieve mutual goals
Mount Auburn Hospital and MACIPA as ACO

- Each are independent entities with no legal structure joining them.
- Contracts with payers are signed as 3-way agreements. Each entity signs independently.
- Risk sharing between Hospital and IPA is defined and agreed-to outside the agreements with payers.
- Service agreements are in place between Hospital and IPA defining:
  - Who provides service (e.g. MACIPA provides data warehousing; Mount Auburn administers reinsurance program)
  - Compensation to be provided for each service
  - Terms of the service to be provided
Mount Auburn Hospital and MACIPA as ACO

- Global contracts are budgeted risk with generally 100% risk.
- In some instances certain services may be carved out of the risk (e.g. OOA emergency care; BH)
- The contracts spell out how the hospital and physicians will interimly be paid.
- Approximately 50% of globally contracted services are provided within the ACO between the hospital and MACIPA physicians.
- Services not provided within the IPA or by MTA are paid at the 3rd party contracted rates.
Mount Auburn Hospital and MACIPA as ACO: Challenges of Model

- Cash flow. It’s difficult to structure cash caps due to the IPA structure of physicians. IPA is for-profit; hospital is not-for-profit. There are other financing issues as well associated with this model: reserve issues, budgeting, etc.

- Program planning: No central structure for developing clinical programs. New program development needs to work within mixed private-hospital-hospital-owned physician practice model.

- Risk sharing and valuation: the need to frequently discuss and evaluate each party’s value and contribution is sometimes difficult, but is done in a transparent manner. This is unavoidable in any model, and having no legal structure leads to a lot of constructive discussion. *Dynamic Tension!*
Challenges of Model: How Public Policy Can Support Model

- Fund Technical Assistance to assist community hospitals and smaller IPAs:
  - Understanding global budgets and budget setting
  - Data warehousing
  - Disease Management and Care Management options
  - Assistance for ACO’s who run into deficits over multiple years or who fall out of “risk credentialing” status
- Pooling for high cost cases-state managed self-funded stop loss pool
- “Banking” services for cash flow, reserves, capital start-up and access to short-term lines of credit to smooth out funding shortfalls of a cyclical nature
Mount Auburn Hospital Initiatives

- Quality Focus
- Medication Safety: elimination of harm from medication errors
- Transitions of care: improved communication
- Increase patient satisfaction
- Cost competitive
- Reduce “Leakage”
  - Build services locally within capacity and competency
  - Reputation for quality and safety
  - Patient friendly
  - Reporting
Mount Auburn Cambridge IPA (MACIPA)  

Background  

- Founded in 1985 with the main goal to organize physicians and negotiate managed care contracts 
- 513 physician members who admit to Mount Auburn Hospital and/or Cambridge Health Alliance 
- MACIPA takes full risk capitation from the three major local health plans BCBSMA, Tufts Health Plan, Tufts Medicare Preferred, and HPHC since mid 90’s 
- 46 employees 
- 40,000 capitated lives
# MACIPA Membership Practice Statistics

<table>
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<tr>
<th>Practices</th>
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<tr>
<td>MAPS</td>
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<tr>
<td>Private Practices</td>
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<td>Cambridge Health Alliance</td>
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<td>PCPS</td>
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<tr>
<td>Specialists</td>
<td>402</td>
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<tr>
<td>PCP/Specialist</td>
<td>17</td>
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</tbody>
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Total of MACIPA users on E.H.R= 722
(MDs, NPs, Residents and Practice Staff)
MACIPA Structure

- Board
  - Finance and Contracts Committee
  - Medical Policy Committee
  - Credentialing Committee
  - Executive Committee
  - Oversight Committee

Over 50 members on committees
MACIPA POD Structure

- PCPs are organized into Pods
- Each has a Pod Leader
- Monthly Pod Leader Meetings and Monthly Pod Meetings
MACIPA Infrastructure

- Case Management
- Medical Management
- Referral Management
- Pharmacy Management
- Data and Reporting
- Contracting
MACIPA Infrastructure

- Credentialing
- Quality
- Accounting
- IT Department
- EHR Department
Keys to Success

Culture

- PCP Centric
- Physicians are consensus driven and collaborative
  - *It wasn’t always that way*
- Physicians are paid to come to meetings
- Focus on quality ➔ efficiencies follow
- Data Driven
Keys to Success

- Bring in key physicians
- IPA brings value to physicians
- Stability of Senior Leadership
- Physician Leaders also practice
Keys to Success

- Very good relationship between Mount Auburn Hospital and MACIPA
  - Risk Partners
  - Both focus on quality
  - Win/Win relationship
  - We set negotiation strategy together
  - We don’t let the Health Plans divide us
Keys to Success

- Sufficient budgets (global capitation)
- Critical mass of members; significant portion of risk payments in overall payor mix for both the hospital and physicians
- Infrastructure to manage
- Funding for infrastructure from both payors and from generated surplus
- Good financial planning and reporting
Challenges to Developing ACOs

- Culture changes for physicians & administrators take time to develop
- Managing “leakage” delivered outside the system
- Patient & Physician acceptance of the team approach
- Getting to “yes” on a contract with the payor, the hospital and the physicians all feeling positive!