Accountable Care Organizations (ACO) Strategies for Private Practice

Accountable Care Organizations (ACO) have been developed to provide care with the Triple Aim of:

- Better Care for Individuals
- Better Health for Populations
- Lower Growth Rate of Expenditures.

1. Physical Therapists cannot form their own ACOs but can participate with an ACO to assist them achieve the Triple Aim.
2. The ACO approach is to manage the fee for service population of patients who have chosen to not belong to a HMO. Therefore there is an inherent challenge to provide value and reduce expenditures for a population that has free choice of providers.
3. Physical Therapists can achieve this through various strategies:
   - Provide direct treatment to ACO participants in an effort to minimize total cost expenditures and maximize outcomes
   - Provide preventative care to the ACO participants to decrease overall medical costs, hospital admissions and re-admissions, and ER visits.
   - Develop screening programs for ACO participants to identify high risk individuals.
   - Develop educational programs for ACO participants identified as high risk.
   - Develop PCP/GP referral decision trees that enhance referral to low cost/high value provider (also reduces patient wait times).
4. ACO’s contract with both Federal and Private Payers to demonstrate savings for their participants (>5000). These savings are measured annually and compare the current year’s expenditures against a pre-established period for a similar population. The savings are then shared with the contracted ACO providers. Physical Therapists are eligible to participate in the savings however many ACOs are not willing to include Physical Therapists in the distribution of the savings due to difficulty in establishing a percentage of savings contributed through PT interventions. Once PTs are capable of showing the impact of their care on total patient management costs they will be in a better position to negotiate participation in the shared savings program.
5. Physical Therapists derive revenue from an ACO through the following mechanisms:
   - Receive referrals from the primary care and specialty medical providers for Physical Therapy treatments.
   - Payment for screening sessions or group classes.
6. Payment models for Physical Therapy services follow various methodologies depending upon how the ACO is organized with the payer. The majority of ACOs were developed in an attempt to lower costs in a fee for service population. Therefore the PT should attempt to determine the mechanism of payment to the primary care providers. In the situation where the PCP is paid on a fee for service basis the PT should seek the same payment approach. If the PCP group is assuming some financial risk from the payer then they are going to most likely require other providers to share in some of that risk. Payment Methodologies include:
   - Fee for service
   - Per visit (per diem)
• Case Rate
• Capitation

Each of the above models may include a ‘pay for performance’ component; linking outcomes to the amount of the payment. The models above are listed in order of financial risk for the provider, least to most.

**Mechanisms for Approaching an ACO**

A listing of ACO’s can be located by doing a Google search of ACO’s in your state. Federal ACOs and contact information is updated on the CMS web-site.

Regional contacts are also listed on the PPS website under the ACO tab.

**Preparation:**

1. Identify the ACO in your service area and determine if you currently see patients from any physician associated with the primary care group or hospital system listed.
2. Utilize your existing referral sources working in and ACO to introduce you to the ACO administrator.
3. In the absence of a formal contact you should seek out the administrator of the local IPA, Director of Medical Staff at the local hospital or similar position.
4. Develop a list of questions to be asked of that administrator during your introductory call:
   a. Have you developed a relationship with a Physical Therapist, other than a hospital, to assist the ACO in achieving the Triple Aim?
   b. Do you compile any utilization and cost data for ACO participants referred for PT?
   c. How do you handle identifying high risk patients?
   d. Do you have a program for fall risk screening, assessment and risk avoidance for this population?
   e. Would you be interested in meeting with a PT to discuss how we could help to lower your overall costs both from a PT cost standpoint and lowering your exposure for high risk populations?
   f. Would you be interested in how a PT can enhance the populations affinity with your PCPs/GPs?
5. An ACO may be more receptive in speaking with a Physical Therapist if the PT brings a consortium of practices to the table to cover a wider geographic area. In that case the group of PTs must meet first to discuss their approach and the services that each will provide. The ACO may require uniform programming and reporting.
6. Be prepared to provide at least the following:
   a. Utilization data (you can do this by condition if available)
      i. Visits per referral
      ii. Average duration of care (days, weeks, months)
      iii. Average net payment per case
      iv. Patient satisfaction scores
      v. Outcome data
   b. Specialized programs that would lower the overall cost of care
      i. Rapid admit
ii. Fall screening
iii. Fall prevention
iv. Lifestyle coaching
v. Fitness for the high risk individual
vi. Body Mechanics
vii. Spine Health
viii. Provider training and brochures

c. Review of your documentation system. If you utilize an EHR system you should understand the platform that it is based on and compatibility with other systems.

d. Locations/Distribution

Relationship:

1. A contractual relationship can be formed with the ACO and/or the medical group or hospital system responsible for the ACO.
2. Payment for services may be made directly by the payer, medical group or hospital.
3. An ACO may decide to contract with you but you may have to first obtain a contract from the payer(s) working with the ACO
4. Federal ACOs will pay you based upon the Medicare fee schedule.
5. If the payer has passed financial risk onto the ACO/Medical group then the PT would develop a contract with the ACO based upon one of the payment models listed under #6 above.
6. **ALWAYS** involve an attorney to review proposed contracts/agreements/relationship.