

Robert Wood Johnson Foundation Payment Reform Evaluation Project
Accountability through Transparency and Informed Design:
The New Hampshire Accountable Care Organization Pilot Project
NH Citizens Health Initiative

Executive Summary: Autumn 2012 Site Report

Context

The NH Citizens Health Initiative has convened stakeholders around the development of accountable care organizations (ACOs) amid a sense of urgency about payment reform. It is a priority for New Hampshire (NH) because the state has one of the highest rates of health care expenditures in the country at more than 18 percent of gross state product. Employers are calling for cost containment as more physician practices are consolidating and pushing for reimbursement increases. Four health plans cover virtually all commercially insured lives in the state, and about half of these covered lives belong to self-insured groups. The NH Citizens Health Initiative (CHI) stemmed from an earlier effort to develop a framework that would provide everyone in NH with access to high-quality, cost-effective health care. CHI, the Center for Medical Home Improvement, four health plans, and nine practice sites participated in the Multi-Payer Medical Home Pilot starting in 2008, which built momentum for the creation of the Accountable Care Organization (ACO) Pilot Project. In late 2011 CHI received grant funding for cross-state work with Maine and Vermont.

There was an important context change in 2012 when one of the three major payers declined to pursue the common financial model; the project's emphasis has shifted to agreeing on a common measurement framework and is now called the Accountable Care Project (ACP).

Objectives

The objective of the original ACO Pilot Project was to reduce cost and improve quality by testing new options for payment reform, clinical care, and system transformation. This remains, in updated form, in the ACP's instrumental objectives and its goals for Years One and Two.

Approach

The original strategy was to implement a statewide, five-year ACO pilot with five provider organizations, four private commercial carriers, the NH Department of Health and Human Services, the NH Department of Insurance, and other stakeholder organizations; the membership has broadened substantially. The updated strategy has the following components:

- Build a common measurement system, with approximately 30 claims- and EHR-based indicators, and provide reports at various levels.
- Continue data design, measurement, and analysis, leveraging cross-carrier data available through the legislatively-mandated NH Comprehensive Healthcare Information System.
- During Year One, action steps include finalizing measure definition, setting targets for each measure, and developing methods and metrics for risk-adjustment of the measures.

Payment Reform Examples. Several payment models are being negotiated between private and public payers and selected provider organizations, including ACOs and variants; tiered networks; and complex condition management.

Project Results. The NH Multi-Stakeholder Medical Home Pilot reported encouraging preliminary results in both cost control and quality scores. Another model using care coordination reported improvement in quality targets. A third, medical center-led project reported improved management of chronic and complex conditions.

Logic Model

The ACO Pilot Project has created a logic model, which has two components: support implementation and evaluation of NH ACO Pilot sites, and implement an ACO Learning Collaborative in NH and Maine. Within each part, CHI lays out objectives, strategic activities, changes and process improvements, initial outcomes, intermediate outcomes, and long-term outcomes that are designed to reduce costs and improve quality. Through a series of strategic activities, CHI expects to attain its long-term outcomes of improved health care quality and cost-efficiency for NH residents, better care coordination by health systems, public dissemination of metrics, increased employer support for payment reform models, and enhanced patient experiences.

Facilitators and Barriers

Facilitators:

- Strong civic culture and small state size make working together somewhat easier.
- Emerging consensus among stakeholders about the need to control health care spending.
- The availability of an all-payer claims database, and partnership with the University of New Hampshire's Center for Health Analytics and other entities.
- CHI's leadership and expertise in facilitation have helped develop relationships and good will.
- Physician input and buy-in via the Clinical Subcommittee in the development of clinical quality, prevention, and utilization measures.
- The ability to build upon and learn from the Multi-Stakeholder Medical Home Pilot.
- The Affordable Care Act has stimulated payment and delivery system reform.

Barriers:

- NH providers' degree of reluctance to adopt capitation or provider risk-bearing payment models due to some mixed experience with capitation models, especially in the 1990s.
- Employers' comfort and familiarity with payment based on actual claims rather than a capitated amount; providers' familiarity with FFS payment.
- The challenge of creating arrangements between physicians and hospitals in areas where provider organizations typically are not part of integrated delivery systems.
- Lack of significant competition in the NH health insurance market limits payment innovation for providers.
- There is substantial control by hospitals in health systems, and few large medical groups practicing independently.

- Due to population and provider distribution in rural areas, it can be difficult to craft contractual arrangements between PCPs, specialists, and hospitals.
- The multiple initiatives underway dilute the effort of any given project, which may contribute to sub-optimal results from either.

Evaluation and Sustainability

Public funding and philanthropy are crucial supports for sustainability, as efforts require financial support for infrastructure. Momentum depends on demonstrating cost and quality outcomes. Local evaluation of the Multi-Payer Medical Home Pilot will be conducted by a team from the Heller School of Brandeis University.

Lessons Learned

It is important for stakeholders to recognize what has been learned, whether or not the objective was met, and to continue to seek common ground for progress toward shared goals. As the ACO pilot has advanced, there has been an unprecedented level of collaboration that has allowed compromise. The use of a neutral, trusted third party has been extremely useful in advancing the pilot development and to provide the opportunity for relationships to conversation and relationship-building. The all-payer claims database will be an important resource as the pilot ACOs move forward to implementation.