

IT Solutions for ACOs and Bundled Payments: Walk Before You Run

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If you're already participating in or thinking about a new payment model, you've probably seen that the pundits insist you must have a full IT infrastructure in place before you push the button on these initiatives. Whether it's a Medicare accountable care organization (ACO), bundled payment, an ACO-like arrangement for a payer's Medicare Advantage or commercial business, or even your own self-funded employee health plan, following this advice could mean IT investment requirements of \$2.0 to \$20.0 million.

It's enough to make you reconsider participation.

Fortunately, there are simpler and less expensive ways to address immediate IT needs for these programs. You don't have to take on implementation of a major IT infrastructure solution to identify opportunities for improvement, manage value-based contracts, and monitor financial performance. The early rounds of the new payment models offer upside-only options (e.g., Track 1 of the Medicare Shared Savings Program) that significantly mitigate risk. These options give you time to ramp up your infrastructure incrementally, investing less now, while preparing for the more significant financial exposure that will inevitably come with the next round of payment deals.

Your most important first step is to master the data. Without clean, reliable, and integrated data, the best IT solution out there is worthless. Once your "data house" is in order, you can prepare for that perfect population health management solution, matching the investment to your degree of financial exposure. By that time, the IT solution market will have shaken out, pricing will stabilize, and unfulfilled promises should be a thing of the past.



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Medicare, the health plans, and third-party administrators (TPAs) provide ACOs and participants in the Bundled Payments for Care Improvement Initiative (BPCI) with claims data. This data can be scrubbed and integrated with cost, quality, and other data from legacy systems to produce a robust database. Coupled with relatively affordable but still powerful reporting and analytic tools, this type of solution is all you need to monitor and manage financial performance. It enables you to understand how you are doing along the way, month to month, quarter to quarter, long before reconciliation with Medicare or the payer.

This approach also will help you answer important questions to inform and help you prioritize improvement initiatives—a necessary capability during a three- to five-year ramp-up to that eventual “financial risk” tipping point. You’ll be able to answer questions like:

- Are my post-acute partners successfully managing length of stay and discharge setting?”
- Are patients seeing a primary care provider regularly and within seven to 10 days after discharge from an acute care setting?
- Are readmissions being reduced on targeted patient populations?

You will have what you need to really understand the financial implications at the patient, physician, practice, hospital, or regional level. A robust population health solution can be the goal once the concept is proven, but in the meantime, you can keep your finger on the pulse of all of your value-based payments without losing your shirt.

So the IT issue should not scare you off; strategic and physician engagement considerations probably carry more weight. Invest wisely, step by step. ●

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