

# Strategies for Partnering With Physician-Led Accountable Care Initiatives

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The number of physician-led ACOs is growing faster than the number of hospital-physician ACOs. Increasing numbers of physician groups are evaluating bundled payment arrangements. Payers are working directly with physicians on patient-centered medical homes (PCMHs). It appears that physician-led accountable care initiatives are here to stay.

In some markets, physician-led networks may compete successfully by driving down hospital utilization and shifting referrals to low-cost or more cooperative hospitals. For hospitals in those markets, it will be essential to partner effectively with physician-led accountable care initiatives. By doing so, preferred hospitals could gain market share to offset utilization reductions.

- To become a preferred partner for physician-led initiatives, hospitals should focus on five areas:
- Admissions and readmissions
- Avoidable emergency department (ED) visits
- Post-acute care
- Employed physicians
- Contracted rates



**Manage admissions and readmissions.** Accountable care initiatives seek to avoid the costs associated with avoidable admissions or readmissions. Supporting physician efforts to better manage patients with chronic conditions is the best way to achieve this goal. Intensive case management programs for patients whose conditions are the most complex also can help reduce avoidable admissions. By working closely with physician-led ACOs on clinical protocols, communication plans, and the flow of patient medical information, a hospital can strengthen relations with the ACO and increase the likelihood that it will be chosen by the ACO for more elective services.

**Reduce avoidable ED visits.** Physician-led ACOs rightly see avoidable ED visits as both costly and reflective of poor quality care. They will want better communication from EDs, with immediate outreach to the primary care physician of patients who visit the EDs.

**Coordinate care with post-acute providers.** Ensuring a smooth transition out of the hospital is critical to managing both quality and cost. Physician-led ACOs may form networks of post-acute providers to help achieve this objective.

Hospitals can make themselves more attractive as partners by working with post-acute providers that are willing and able to implement continuum-of-care protocols to address issues such as reducing infections, readmissions, and length of stay. It may be useful to identify and work with facilities that have more resources and better nurse/physician staffing ratios, or that are connected with the hospital via rounding physicians or affiliated medical directors.

**Align employed physicians.** Hospitals with large networks of employed physicians, including specialists, may benefit if those employed physicians can participate in a physician-led ACO or support the ACO's efforts. For example, hospital-employed specialists can focus on chronic care management and other initiatives to help the ACO succeed.

**Address contracted rates.** Physician-led ACOs will look to manage costs by selecting hospitals that have lower contracted rates with payers. This tactic can work for commercial plan deals, and low-cost hospitals should tout this advantage. However, in Medicare ACO and bundled payments programs, hospital inpatient rates are normalized, so there is no meaningful difference in cost, even between teaching and community hospitals. (See the July 2013 [Blog post](#) by John Harris and Carole Graham for a more detailed explanation.)

By being a good partner with physician-led accountable care initiatives, hospitals can align effectively with community physicians, possibly increasing market share. ●

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