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The Keys to Getting Physicians Engaged in ACOs

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September 14, 2011 - Many Americans would agree that with a healthcare system that accounts for 17.6 percent of the country's gross domestic product and continues to grow approximately 6 percent annually, according to federal estimates, change is necessary. But ideas on how to reverse the growth trend remain controversial. Payers, including the Centers for Medicare & Medicaid Services, are looking to accountable care organizations (ACOs), which will assume responsibility for total wellness and care of a specific population, while aiming to increase quality and reduce cost. However, many people remain skeptical, chief among them physicians who will be essential for an ACO's success.

"Physician involvement is critical, or this [ACO] stuff is not going to happen," said Rod Fralicx, vice president at Hay Group in Chicago, adding that changing the culture and redefining value—a blend of cost and quality—will be essential to the success of ACOs.

"This is physicians' time," Fralicx said. "They have the best opportunity they have ever had to have a major impact on the decisions about how healthcare is delivered in this country."

However, AMN Healthcare's 2011 Accountable Care Organization Survey of 882 healthcare facility administrators and physicians found even though nearly 60 percent of respondents said there are potential cost and quality benefits to an ACO, physician/staffing alignment presented a major barrier.

Among the 42.3 percent of facilities reporting they are not moving toward becoming an ACO, 39.9 percent cited physician/staffing alignment and 31.4 percent lack of capital as barriers. And among those moving forward with an ACO, 42.3 percent said physician/staffing alignment posed a serious obstacle, again followed by lack of capital at 38.1 percent.

"Physicians are human, and change is suspect," said Tony Anastasia, vice president of UMR, a third-party administrator, part of United HealthCare in Salt Lake City, adding that doctors are worried about lower reimbursements, changing regulations and upfront costs for technology. Despite the obstacles, many experts agree that change is coming and providers must prepare, even if they have reservations about the Medicare shared-savings program.

If you ignore the accountable care challenge, you have missed an important opportunity and will likely be disadvantaged going forward in the marketplace, because you are not building the capabilities and competencies that will be required for health delivery organizations across the board, said Jordan Battani, a principal with the Global Institute for Emerging Healthcare Practices at CSC, headquartered in Falls Church, Va..

The roots of physician skepticism

Hospitals and physicians historically have often not agreed about patient care, cost, reimbursement and

governance issues, the AMN report said, and these issues continue to resonate in the ACO model.

John D. Fanburg, a health law attorney with Brach Eichler in Roseland, N.J., said some senior physicians who lived through the "promise of cost savings with managed care" are wary of the ACO and view it as a passing trend with no chance of achieving those goals within the years they are practicing.

Anastasia added that many physicians consider ACOs rehashed capitation.

John Nackel, chief executive officer at OptumInsight Consulting and executive vice president of OptumInsight in Eden Prairie, Minn., said that he has found physicians react to three things in the marketplace: how something will affect their relationships with patients, how it will affect quality of care and the financial consequences. ACOs could impact all three.

Nackel added that geographic differences will affect how ACOs are implemented. For instance, in Los Angeles, doctors are used to at-risk contracts and, perhaps, more willing to try something new, while doctors in the Midwest, with little experience with capitation, might feel less comfortable with the new model.

The collaboration and sharing necessary for an ACO to work is not consistent with a physician's independent nature, Fanburg added.

"There is a culture change in terms of the practice of medicine that the ACO will impose that physicians are nervous about," Fanburg said.

David MacDonald, president of Aegle Advisors, a healthcare consulting group in Marion, Mass., emphasizes the psychological issue of having to give up autonomy as a barrier.

"Simply stated, docs don't like to be told what to do," MacDonald said. "Second, while ACOs were established to help control and reduce costs, that doesn't equate with quality care. For many, they're not interested in risking their own reputations by being forced to work in network with colleagues they don't know or trust."

Yet for accountable care to work, physicians must play a strong role.

"There is no such thing as an accountable care organization that doesn't have primary care at the center of it," Battani said. However, "your average family practitioner is not in a financial and organizational position to mobilize an accountable care organization, but none of them will be successful without primary care."

Costs of putting together an ACO could range from $8 million to $15 million and physicians do not have that sort of capital, Fanburg said. And tremendous unknowns exist about how physicians will get reimbursed and share in the savings.

"The small physician offices and, to a certain extent, hospitals need a lot of assistance in selecting and making investments," Battani said. "This is a place where organizations with deeper pockets and deeper expertise—and health plans and large health systems are big—have an opportunity to enable physicians to participate."

Primary care physicians will have to choose an ACO. They cannot join more than one. So physicians are looking for a strong player in the market, with forward thinking management and a strategic plan, said Farnburg, adding that declining physician reimbursement is the main physician concern.

Getting the physicians onboard

Many hospitals have begun buying practices and employing physicians. That helps solve concerns about reimbursement and distribution of shared savings. The hospital ACO pays the physician a salary, and overhead shifts to the hospital, which receives the reimbursement.

Whether following an employed or community model, MacDonald encourages organizers to obtain buy-in about the vision and strategy from the beginning, and communicating in small groups—physician to physician. Then they must put management tools in place to make sure it is working, and share in the victory.

"It's about aligning incentives and education, and having [physicians] at the table is paramount," Anastasia said. "It's about using data and taking the emotion out of it."

Nackel added that ACOs must convince physicians that they will allow doctors the freedom to deliver high-quality medicine and give them the infrastructure, tools and capabilities to make better decisions.

Conversations about how care should be delivered must include physicians, or wrong decisions will be made, Fralicx said. Collaboration will require financial experts and physicians speaking the same language, and that doctors may have to take steps to understand the financial aspects of care delivery.

"What we have to get to is trust," Fralicx said. "The healthcare system must be very transparent."

Fralicx added that health systems often haven't wanted to share numbers or strategies, but when bringing physicians in as partners, they will have to become more open about operations and fairly compensate physicians in order to build trust.

"Physicians want to think they are doing something that adds value, but if they don't impact decision making and [think] that their opinions are not valued, they will not be engaged. And if not engaged, they will not collaborate," Fralicx said. "And the ultimate goal to be successful in delivering high quality at the lowest cost is collaboration."

Working together will offer rewards.

"If we do this thing well, with 5,000 or 10,000 patients, everybody is going to win," MacDonald said. "The patients will be healthier; [provider participants] will win as an organization and as individuals."

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