



Health Care Conference: ACOs and Their Impact

a presentation for
NJSCPA Education Foundation
September 28, 2011

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OVERVIEW

ACOs and Their Impact

- What is an ACO legally?
 - Alyson M. Leone, Esq.
- How do ACOs operate?
 - David DeSimone, Esq.
- What are the accounting issues for an ACO?
 - Lewis Bivona, CPA, AFE
- What are the tax issues for an ACO?
 - Scott Mariani, J.D.

In Search of an Accountable Care Organization





QUESTIONS – BASIC LEGAL ISSUES

1. What is the purpose of an ACO?
2. Who is eligible to participate in an ACO?
3. What requirements must an ACO meet?



QUESTIONS - BASIC LEGAL ISSUES

4. What federal laws are implicated by the formation of ACOs? What do those laws prohibit?
5. What waivers have been proposed under federal law?
6. What state laws are implicated by the formation of ACOs? What do those laws prohibit?



QUESTIONS - OPERATIONS

1. What the most important issues hospitals and physician groups will face in developing an ACO?
2. What is a medical home and how could it help address the “Patient Centeredness” criteria in the ACO regulations?



QUESTIONS - OPERATIONS

3. What is a clinical pathway?
Episode of Care?
4. How many providers can be considered "ACO Participants" in a single ACO?
5. What is the Dominant Provider Exception?



QUESTIONS - OPERATIONS

6. How is the benchmark set?
7. What is the difference between the “One-Sided” Model and “Two-Sided” Model in Risk Sharing?
8. What is the Threshold?



QUESTIONS - OPERATIONS

9. What is the Maximum Share Rate and Minimum Loss Rate?
10. How many lawyers did it take to mess up the ACO regulations?



QUESTIONS - ACCOUNTING

1. What is different about ACO accounting than hospital or large practice accounting?
2. What type of accounting systems, software and hardware, do you need?



QUESTIONS - ACCOUNTING

3. How are budgeting and financial controls different?
4. What data do we need to run an ACO?
5. What are targets, trends and payment models and what do they mean to me?



QUESTIONS - ACCOUNTING

6. Where can I get data to benchmark our performance and future partner performance?
7. What new internal controls do we need and how should we monitor them?



QUESTIONS - ACCOUNTING

8. Other than our attorney and accountants, what other professionals do we need to help us succeed?

9. What is the typical financial investment we need to get the ACO going?



QUESTIONS - ACCOUNTING

10. How long until we can expect to breakeven?
11. What are typical financial requirements needed prior receiving ACO approval?
12. What are the best ways to select providers as partners?



QUESTIONS - ACCOUNTING

13. Does partnering with an insurer make sense?
14. How do you transition from disease care to disease management?



QUESTIONS - TAX

1. What are some of the general tax issues and considerations if a tax-exempt hospital and a physician form an ACO structured as a (1) C corporation (2) S corporation (3) limited liability company taxed as a partnership or (4) some other form?



QUESTIONS - TAX

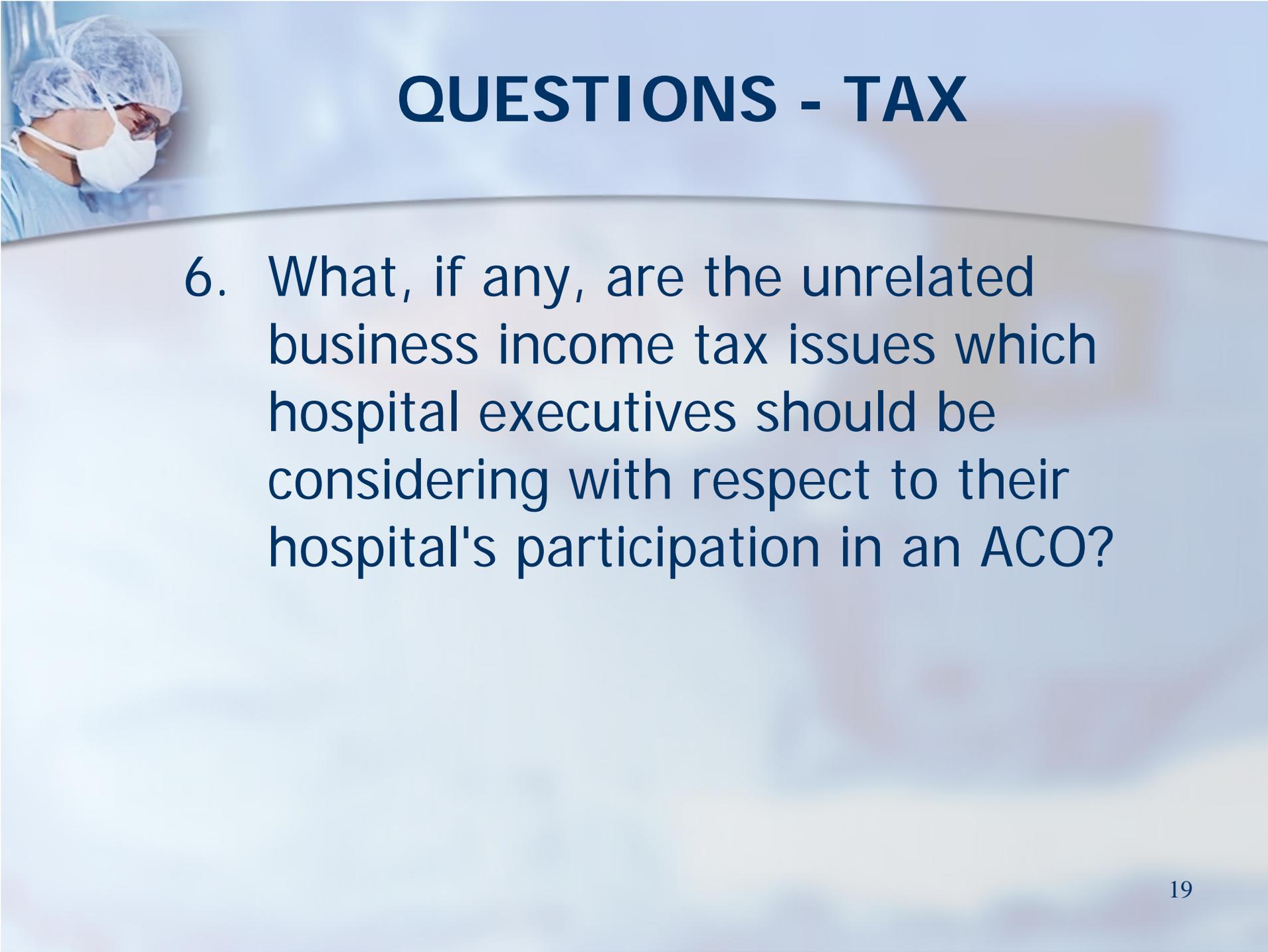
2. Do you think the ACO entity could qualify as a tax-exempt entity under Internal Revenue Code Section 501(c)(3)?
3. The IRS has used the word "proportionality" with respect to ACO arrangements, what does this mean and what are they referring to?



QUESTIONS - TAX

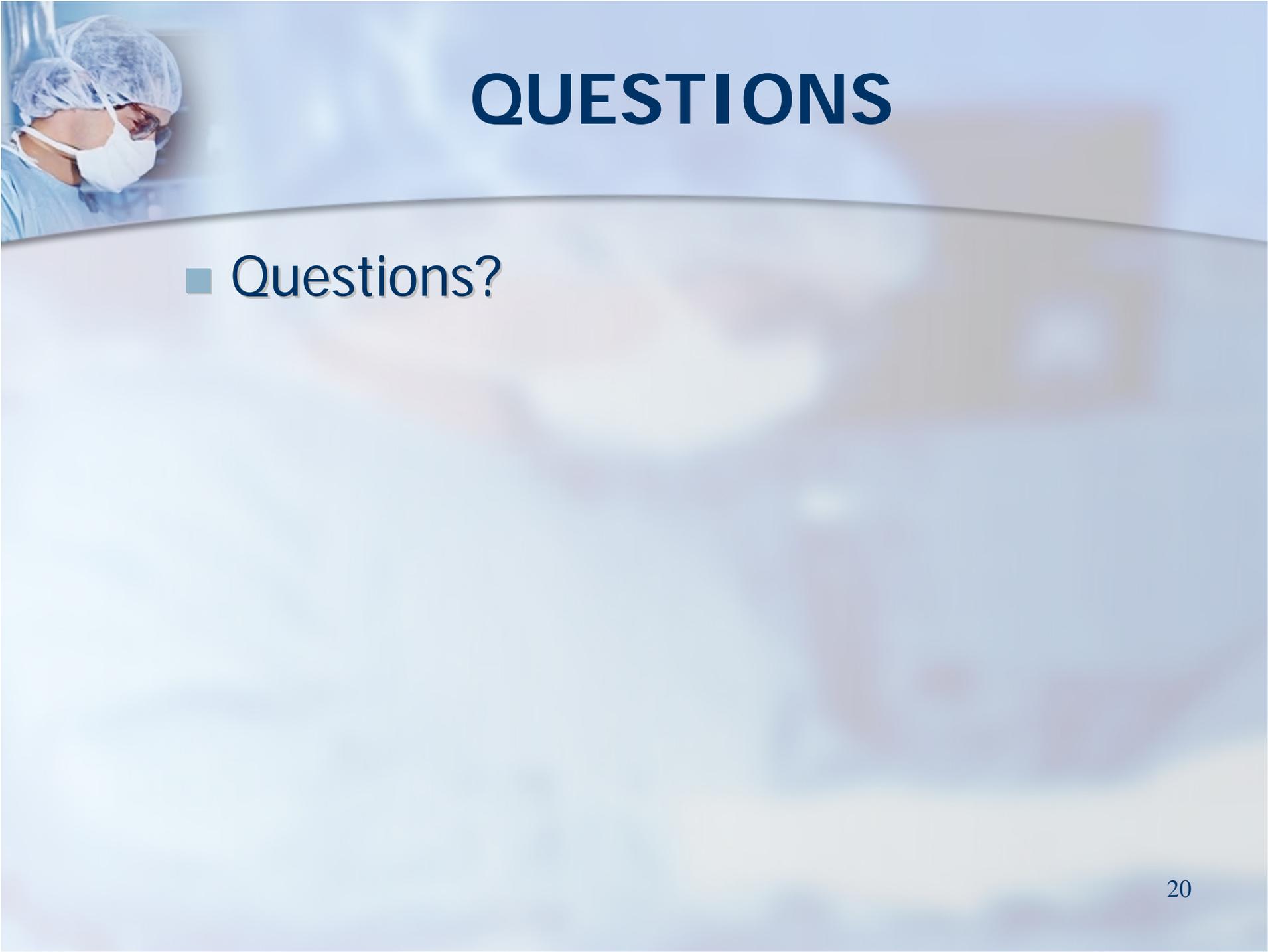
4. What, if any, are the tax-exempt status issues which hospital executives should be considering with respect to their hospital's participation in an ACO?

5. Does a tax-exempt hospital that participates in an ACO joint venture with physicians have any Form 990 disclosures on its annual tax return?



QUESTIONS - TAX

6. What, if any, are the unrelated business income tax issues which hospital executives should be considering with respect to their hospital's participation in an ACO?



QUESTIONS

- Questions?



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