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Inside This Issue:

Is Your Practice Ready for
Accountable Care?

Steps to Obtaining a Low
Delinquency Rate

Pension Protection Act Provides
Retirement Plan Opportunities
for Physician Owners

NJMGMA Interview Questions
for Newsletter

Successful EMR Implementation

Welcome New Members

Letter from the Editor

Medicare Annual Wellness Visits

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Is Your Practice Ready for Accountable Care?

By: *Michael F. Schaff, Esq. and Alyson M. Leone, Esq., Wilentz, Goldman & Spitzer, P.A.*

Physician practices take note! Ready or not, payment for the medical services you provide is about to change. The Patient Protection and Affordable Care Act (“PPACA”) was signed into law on March 23, 2010 and provides for the establishment of a Medicare shared savings program. Under the program, providers may work together to manage and coordinate care for Medicare fee-for-service beneficiaries through an accountable care organization (“ACO”). ACOs that meet quality performance standards are eligible to receive a portion of the shared savings. Proposed regulations that elaborate on many of the details of the program are expected to be published shortly. It is important that physician practices understand what an ACO is and what steps they can take now to ease their transition into participation in ACOs.

What is an ACO?

An ACO is a group of healthcare providers (including group practices, individual physicians, partnerships or joint venture arrangements between hospitals and physicians, and hospitals) which have established a mechanism for shared governance. An ACO must meet the following requirements:

- Be accountable for the quality, cost, and overall care of its Medicare patients.
- Agree to participate in the program for at least three years.
- Include enough primary care physicians to care for the number of patients assigned to the ACO, which will be a minimum of 5,000 Medicare fee-for-service beneficiaries.
- Provide information regarding its practitioners necessary to support the assignment of Medicare patients to the ACO, implementation of quality and other reporting requirements, and determination of shared saving payments.
- Have a formal legal structure for receiving and distributing shared savings

and a leadership and management structure that includes clinical and administrative systems.

- Establish processes to promote evidence-based medicine and patient engagement, report on quality and cost measures and coordinate care.
- Demonstrate that it meets patient-centeredness criteria.

What can you do now to prepare?

You should perform a self-assessment of your physician practice to determine your readiness for participation in ACOs. First, you should create a culture where different providers can work together to improve the quality of care provided to patients. If the practice has a team mentality amongst its own providers, it will be easier to integrate with other specialties and facilities to coordinate care in an ACO. Second, you should establish (and enforce) quality performance standards by which each practitioner must abide. In the ACO model, compensation will move away from productivity based formulas and put greater emphasis on incentive payments for efficiency and quality outcomes. Third, you should start measuring your practice’s outcomes and performance. What does the practice do really well, and what areas can it improve? Again, superior performance will be the key to a successful ACO. Finally, physician practices should review their current information technology systems to determine if they are sufficient for measuring, monitoring and reporting quality and cost measures. In an ACO, IT systems will need to be compatible in order to coordinate care and each provider will need to be able to report data so that the quality of care furnished by the ACO can be evaluated.

Conclusion

Although the Medicare shared savings program does not go into effect until January 1, 2012, it is vital that physician practices begin preparing now for this inevitable change in the structure of healthcare. The more prepared the physician practice is, the easier it will be to transition into an ACO and benefit from the shared savings.