

# Accountable Care for Pharmacy Executives



A Prescription for **Change**

L. David Harlow III RPh  
Director of Pharmacy  
Carilion Clinic –New River Valley Medical Center

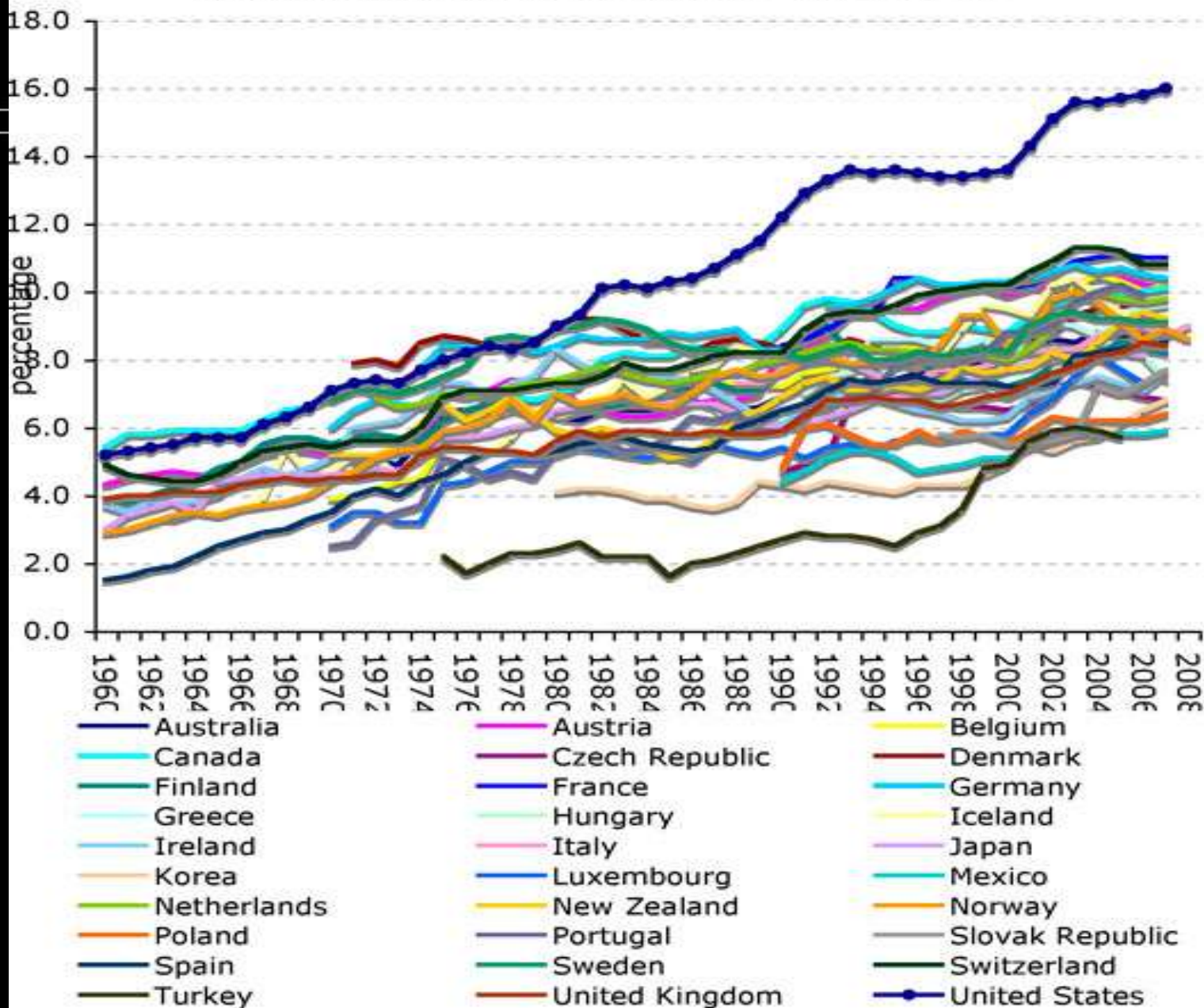
# Objectives

At the completion of this knowledge activity, the participant will be able to:

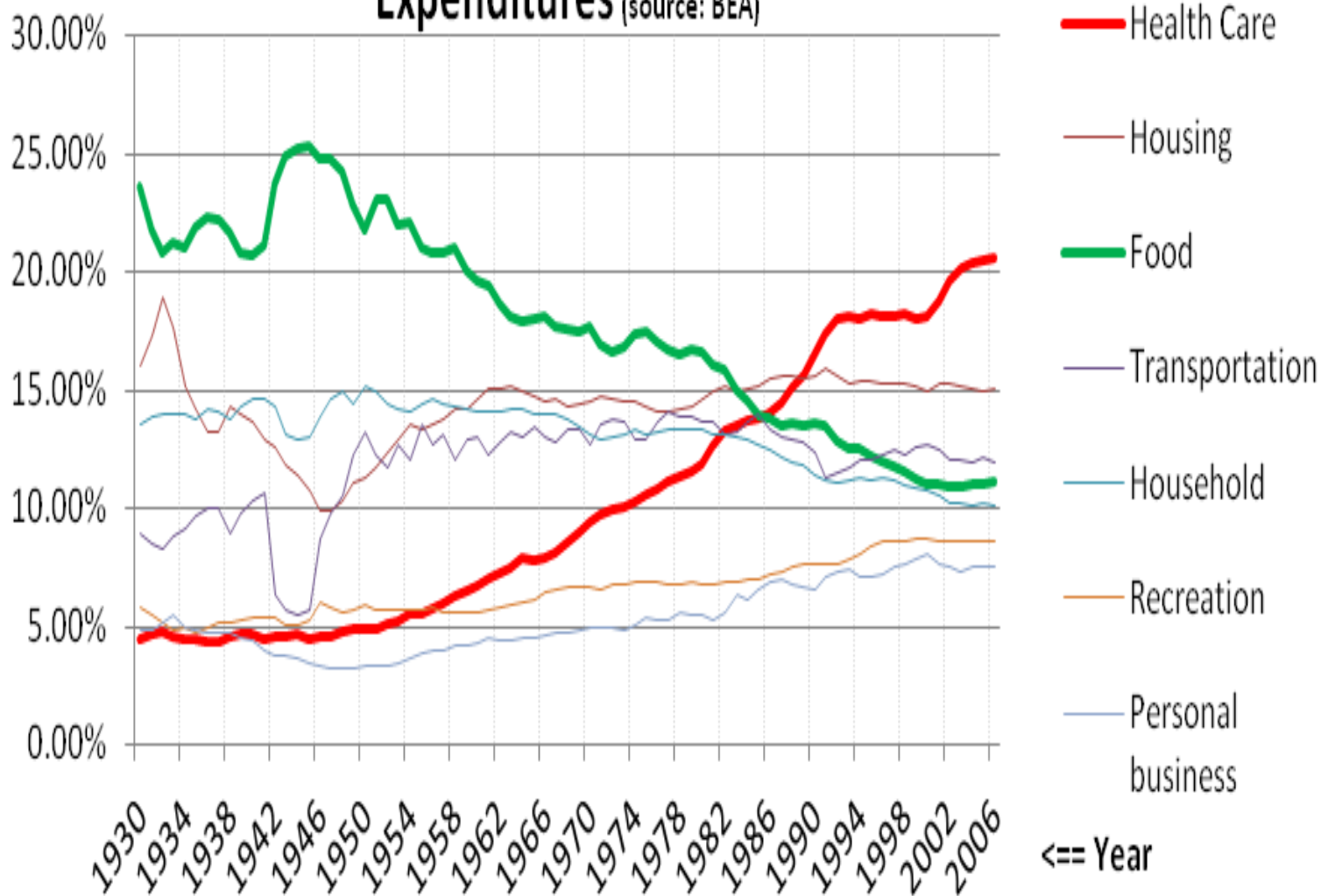
- Explain the difference between accountable care organizations (ACOs) and patient centered medical homes.
- Compare bundled payments, capitation, and shared savings reimbursement models.
- State the biggest cost savings realized by ACOs.
- Describe where pharmacists will be required to make an impact in ACO models.



# National Health Spending as a % of G.D.P.



# Top 7 Spending Categories 2006 as % of Personal Expenditures (source: BEA)



# Who Says??!

- "We have to find a way to curtail the federal funding of healthcare... There's going to be a clash invariably because **resources are not going to be as ample as they have been**..... Only a sharp boost in healthcare efficiency can keep these factors in check."

**Alan Greenspan  
2009**



**Accountable Care Organizations were made possible in the Medicare program by the new health law, and top federal health officials see them as a way to improve the coordination of care while lowering costs.**

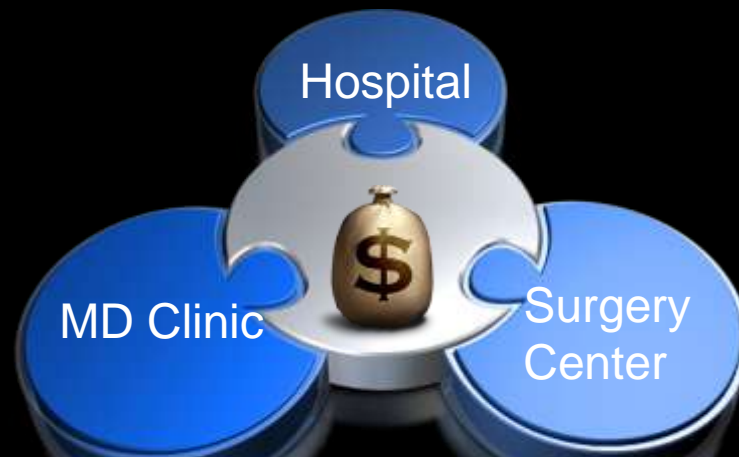


**Federal officials believe they (ACO's) could save Medicare up to **\$960 million over three years.****

**An accountable care organization (ACO) is a type of payment and delivery reform model that starts to tie provider reimbursements to quality metrics and reductions in the total cost of care for an assigned population of patients. A group of coordinated health care providers form an ACO, which then provides care to a group of patients.**



Reversing Cost Trends and Improving Quality





# The Three Common Characteristics of all Accountable Care Organizations

Provider-led organizations with a strong base of **primary care** that are **collectively accountable for quality and total per capita costs across the full continuum of care** for a population of patients

**Payments** linked to quality improvements that also reduce overall costs

Reliable and **progressively more sophisticated** performance measurement, to support improvement and provide confidence that **savings are achieved through improvements in care.**



# REIMBURSEMENT STRUCTURES IN ACCOUNTABLE CARE ORGANIZATIONS

- Bundled Payments

- Capitated Arrangements

- Shared Savings

# Bundled Payment

Under a system of bundled payment, or episode-based payment, reimbursement for multiple providers is bundled into a single, comprehensive payment that covers all of the services involved in the patient's care



**Everyone** is paid out of the same  
“bucket”

Everyone includes

**PHARMACY**

# Capitation

Payment of a specified dollar amount, for a given time period, to take care of the medical needs of a specified group of people.



Mathematical Computation of  
Calculated Risk

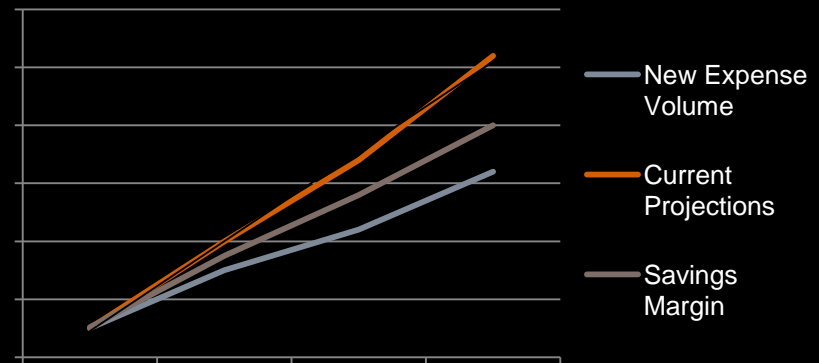
Total Patients x Rate = Complete  
Reimbursement

# Shared Savings Plans

The ACO will receive a percentage of the difference between the estimated average per-capita Medicare expenditures and the benchmark amount; Medicare will keep the remainder of the savings.



## Savings Projections



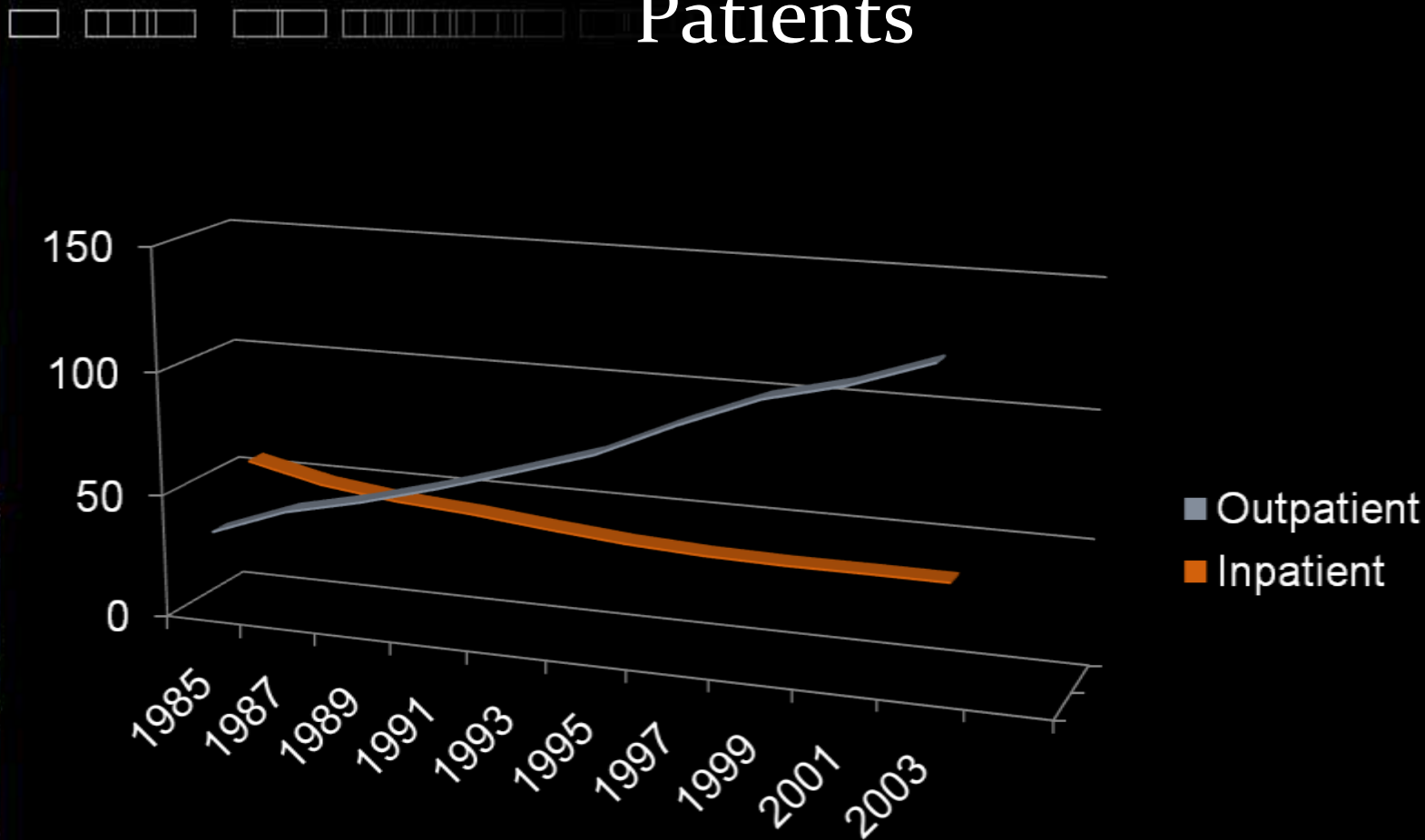
# Paradigm Shift



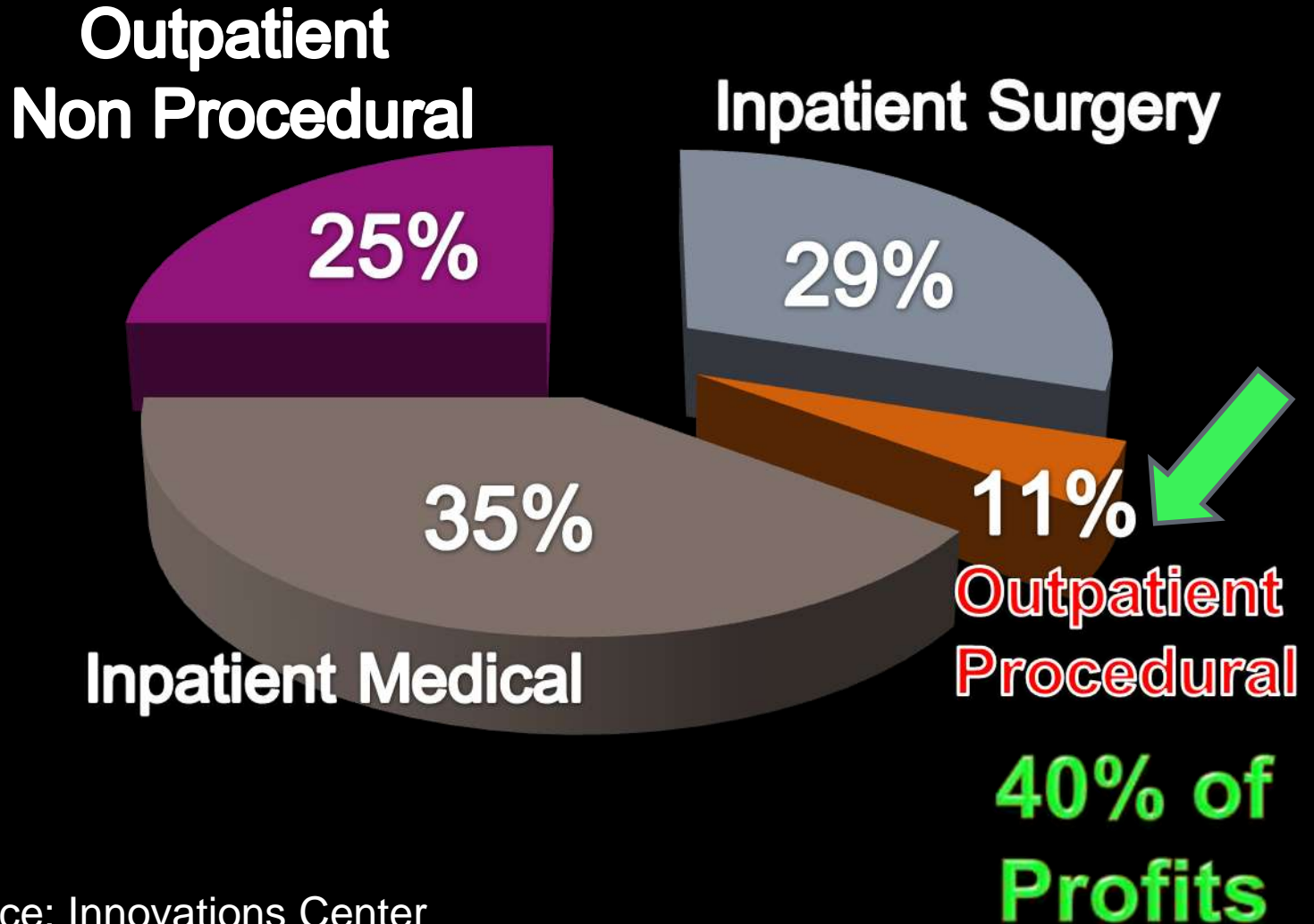
Migration of patient loads to more  
and more **OUTPATIENT** settings

# Healthcare Procedure Rates Per 1000

Patients



# Percentage of Hospital Contribution to Profits



Source: Innovations Center  
Futures Database

The biggest cost savings in the ACO model comes from keeping patients out of hospitals, and that reduces the hospitals' revenue



What will this mean to traditional staffing levels and models?



# Reallocation of Pharmacy Resources and Talent

Constant or shrinking percentages of resources utilized for Inpatient Care (as a percentage)

Increase Focus on Outpatient Services

Promoting ACO success

Changing/Evolving Clinical Business Model

Difficult Decisions

# Two Parallel Paths



- 1. Cost Containment/Avoidance**
- 2. Improved Quality/Outcomes**

# Pharmacy's Role in Cost



1. **Minimize Cost of Products – Formulary?\***
2. **Minimize Cost of Doing Business – People**
3. **Help Maximize Outcomes\***
4. **Help Maximize Patient Throughput**



# Productivity Measures



- 1 Outcome Improvement?
- 2 Patient Throughput?
- 3 Doses Dispensed ?
- 4 Interventions?
- 5 Clinic/Hospital Scorecards?



# Technology and Technicians



Identifying talent in the technician ranks and elevating that profession will be key to our profession's future success

**Completely embrace dispensing technology**

# Pharmacist's Salaries

- Physicians - \$186,044
- Physician's Assistant- \$88,000
- Nurse Practitioners – \$90,000
- Pharmacists - **\$100,000+**
- Physical Therapist - \$88,000
- Pharmacy Technician - \$30,000

**The ACO environment will require pharmacists to participate in direct patient care and impact outcomes across the continuum of care or face shrinking percentages of FTE's per patient census**



**Key: Contributing Directly to the bottom line**

In 2000, approximately 125 million Americans (45% of the population) had chronic conditions and 61 million (21% of the population) had multiple chronic conditions.

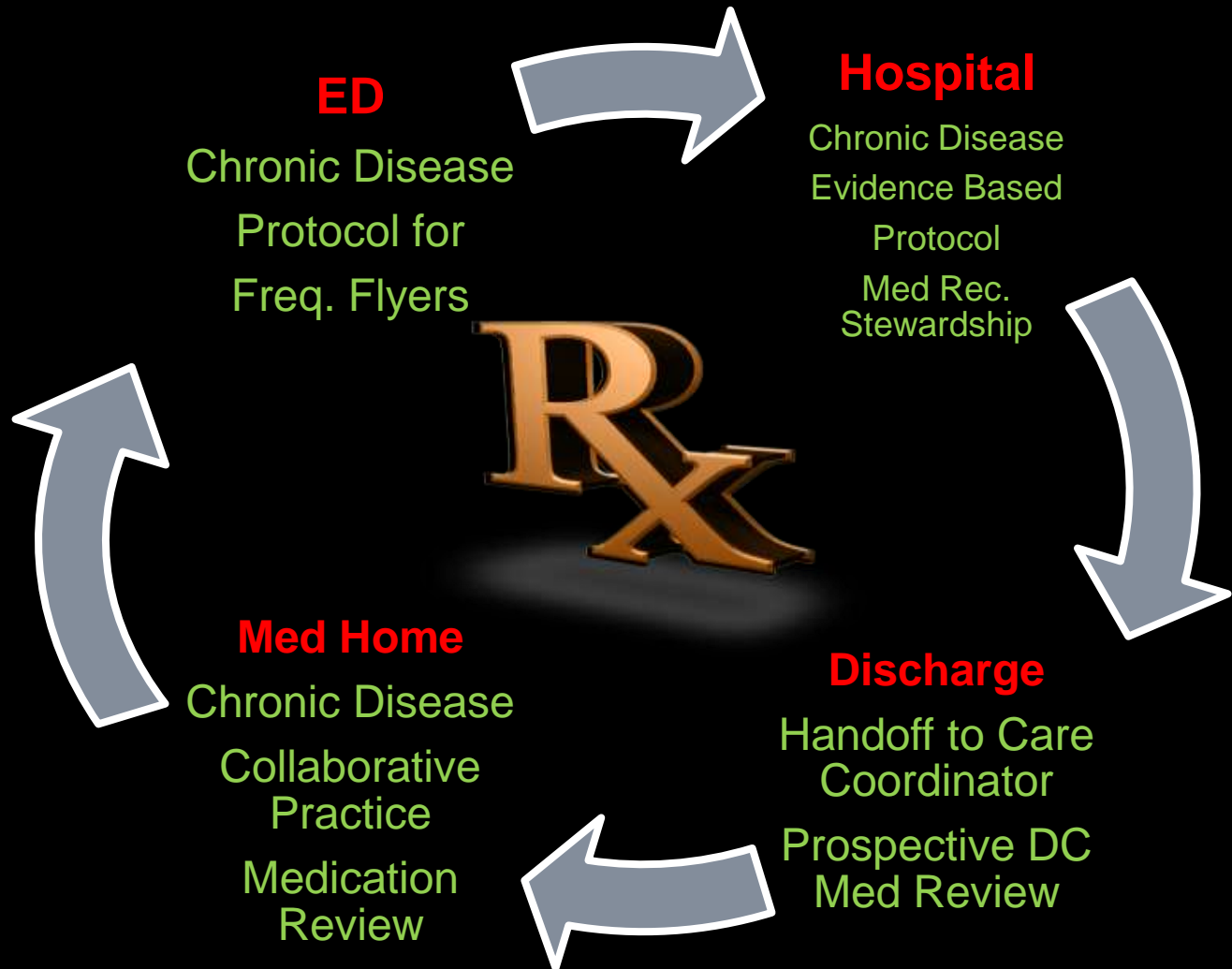
78%

of health spending  
is devoted to people with chronic conditions.



There is **NO BETTER PLACE** for  
a good clinical pharmacist than in  
a chronic disease who's primary  
Treatment is a DRUG

# Closed Loop Pharmacy Service



# Connecting the Loop



- **Emergency Department**

- Medication Reconciliation
- Reinforcement of Medical Home Care Protocols

- **In-patient**

- Stewardship of Medication Reconciliation
- Prospective Medication Review – Ins Formulary Review
- Chronic Disease State Protocol – Collaborative Protocol

- **Discharge Transition**

- Prospective Discharge Medication Review
- Medication Change(s) handoff to Care Coordinator
- Chronic Disease State update to Care Coordinator



The current academic preparation of pharmacists qualifies them to deliver medication management services. All practicing pharmacists are capable of providing this service, although additional training may be required to meet the standards . Many pharmacists now provide this service and are being paid by federal and state governments and private insurers. This service can no longer be considered a new service. The service is scalable and can be delivered in a PCMH when appropriate financial support exists in the organizational structure.



The best cost avoidance is:

**Revenue Generation**

<http://www.pcpcc.net/content/medication-management>

# Medical Home Practice

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- **Chronic Disease State Collaborative Practice** – increased productivity, interface with Home Health
- **Medication Reconciliation**
- **Pharmacy “point of contact” for consults** – similar to inpatient
- **Medication Profile Review** – “Streamlining”,
- **What Else??**



In a rapidly changing health care reimbursement landscape the relevance and success of pharmacy will depend largely on our ability to move into direct patient care roles that are easily tied to monetary benefit and increased positive qualitative and quantitative measures that support scorecard metrics in the Accountable Care Organization



We Write the Future  
Beginning  
**NOW**

# Questions?




***Thank You !!***



# Accountable Care is:

1. A Clinical Description of exactly how to care for patients.
2. Only Concerned with Hospital Reimbursement.
3. Precisely defined.
4. The same as Patient Centered Medical Care
5. A reimbursement model that ties quality and cost reduction together for a particular group.

**5. A reimbursement model that ties quality and cost reduction Together for a particular group**



A reimbursement model where an ACO will receive a percentage of the difference between the estimated average per-capita Medicare expenditures and actual expenditures is called:

1. Bundled Payment
2. Shared Savings
3. Capitation

**2. Shared Savings**



The greatest cost savings from utilization of the ACO model is from:

1. Caring for fewer patients
2. Mandating decreasing reimbursements for procedures
3. Caring for patient at a single location
4. Keeping patients out of the hospital
5. Novel programs aimed at rationing care
6. Empowerment of physicians to name pricing

**4. Keeping patients out of the hospital**



# ACO's will require pharmacists to:

1. Demonstrate impact on the bottom line
2. Become involved in direct patient care
3. Increase utilization of technology
4. Empower pharmacy technicians
5. Become proficient in caring for chronic diseases
6. Partner and collaborate with other disciplines
7. All of the above

**7. All of the above**