Richard A. Barasch is Chairman and CEO of Universal American Corp., a New York Stock Exchange company that provides health insurance and managed care services primarily for people covered by Medicare and/or Medicaid. Universal American’s subsidiary, Collaborative Health Systems, operates 24 Medicare ACOs. He talks about their experience with MSSP ACOs thus far, the greatest challenge that the provider groups with whom they work have experienced in adapting to the ACO model, some thoughts on the Next Generation model, the greatest challenge the ACO community will face in 2016, and himself.

Richard A. Barasch
- Chairman and CEO, Universal American (1997-Present)
- Chairman, The Friends of the Bronx Leadership Academy
- Member of the Board of Managers, Swarthmore College
- Chairman of Turnaround for Children
- BA degree, Swarthmore College and law degree from Columbia University Law School, where he was an editor of the Law Review

Accountable Care News: You have the broadest ACO experience by far, with 24 MSSP ACOs managed by Collaborative Health Systems, although down from a high of 34. How do you assess your overall experience so far?

Richard Barasch: We believe strongly in a model that gives primary care physicians useful tools and appropriate incentives to improve the cost and quality of healthcare in the Medicare population. This has worked very well in our Medicare Advantage business for 15 years. The MSSP program was created to harness this model to improve fee-for-service in a similar way. However, the original model was flawed in certain ways that made success difficult for many provider groups. Fortunately, CMS has recognized many of these issues and made significant positive changes for 2016 and beyond, with further improvements and refinements on the horizon. We continue to believe that the MSSP program, which currently covers approximately seven million Medicare beneficiaries, is an ideal vehicle to transform the outdated FFS payment system into one that rewards value.

We have seen constant improvement on the part of our physician partners in the ACOs that we have retained. We improved from three ACOs earning savings of $20 million in the first program year to nine ACOs earning savings of $27 million in the second year and we expect higher savings in the 2015 program year. We believe we are creating meaningful relationships and skills with our provider partners that should be quite valuable as payment reform accelerates. It has been remarkable how our physician partners have embraced the quality aspects of the program, even if they were not eligible for savings. This bodes well for the future of the MSSP program and the overall practice of medicine for the Medicare population.

Accountable Care News: For the provider groups with whom you have worked, what has been their greatest challenge in adapting to the ACO model -- infrastructure, governance, care coordination, marketing?

Richard Barasch: All of the above. It is very hard work to change from the fee-for-service model that has been the core of most physician practices to a value-based model. Years of practicing a certain way and competing commitments make the transition quite difficult. However, the fact that our doctors have decided to join the MSSP demonstrates that they realize the payment model is changing and are willing to do the work. We have certainly seen a significant increase in the level of engagement of our physician partners.

Our ACOs range from tightly organized multi-specialty groups to networks of smaller physician practices and each segment has its own challenges. The most important determinant of success, in our view, is whether there is physician leadership and peer cooperation in making the necessary changes.

Accountable Care News: CMS has now released the final design for its Next Generation ACO model. What did they get right and what would you tweak if you could? Will you all be a player in this arena as well?

Richard Barasch: Yes, we are very proud that our successful Houston MSSP ACO doctors have been selected to be a Next Generation ACO. CMS got a lot right in the creation of this model. Most importantly, the model allows for creation of high performing preferred provider networks, in conjunction with fee-for-service. Moreover, the program encourages the Next Gen ACOs to engage actively with their beneficiaries to incent them toward better and more efficient health outcomes. We believe that as the success of this program emerges, many features and aspects will be implemented into the MSSP.

If we could have one tweak, both in Next Gen and MSSP, it would be that we are informed each time one of our beneficiaries is admitted to any hospital. This will allow us to employ our most useful and effective tools for appropriate care both in and outside the facility.
CMS Launches Next Generation ACOs
CMS has officially launched its new accountable care organization model called the Next Generation ACO Model (NGACO Model). The 21 ACOs participating in the NGACO Model in 2016 come from 14 different States and have significant experience coordinating care for populations of patients through initiatives, including, but not limited to, the Medicare Shared Savings Program and the Pioneer ACO Model. Medicare ACOs have grown to over 477 nationwide, currently serving nearly 8.9 million beneficiaries since the Medicare Shared Savings Program and Pioneer ACO Model began in 2012. The model includes changes in the benchmark, beneficiary assignment, and payment mechanisms. Round 2 letters of intent for the new model are due by May 1, with final applications due on June 1.

Leavitt Partners Predicts Continued ACO Growth
A new report from Leavitt Partners predicts that if current trends continue, 105 million people will be covered by ACOs by 2020, and perhaps more than 176 million -- nearly half the U.S. population -- under a more optimistic scenario. The report notes that the number of ACOs has grown rapidly over the past few years, increasing from 157 in March of 2012 to 782 in December of 2015. The report cautions that “the financial performance of existing ACOs will be the most important driver of accountable care growth. Should existing ACOs have negative financial results the number of ACO-covered lives could decrease by 64 million from the baseline scenario.”

New Accountable Health Communities (AHC) Model
In addition to the Next Generation ACO model, CMS continues to experiment with new service and payment models with the announcement of a five-year $157 million Accountable Health Communities (AHC) Model to be tested in 44 communities around the country. AHC will focus on the health-related social needs of Medicare and Medicaid beneficiaries, including building alignment between clinical and community-based services at the local level. The model will test three scalable approaches to addressing health-related social needs and linking clinical and community services -- community referral, community service navigation, and community service alignment. Informational webinars are being offered on January 21 and January 27.

Hospital Mobile Apps “Woefully Inadequate”
A new report from Accenture Consulting notes that hospitals engage fewer than 2% of patients through mobile apps even though most patients want such a connection via their smartphone. In addition 7% of patients have switched providers because of a poor customer experience.

Blue Shield of California -- $325M ACO Savings
The plan reports it saved $325 million from its ACO programs since 2010 in large part by reducing hospital readmissions by 13% and hospital bed days by 27%. The savings represent 0.5 percent of total revenue.

Catching Up With....
Accountable Care News: The Thought Leader question for this month asks people what they think is the greatest challenge facing the ACO community in the coming year. What’s your take?
Richard Barasch: There has been a great deal of energy expended by providers on the MSSP program, and the financial rewards have not yet emerged. I think the greatest challenge for the program is maintaining the level of engagement that we have seen so far, since the 2016 improvements will not be felt, tangibly, until 2017. We look to our partners at CMS to continue to reassure us that providers’ efforts will be rewarded by continuing their work to improve the program. Specifically, we hope that CMS balances rewarding attainment of healthcare goals as well as improvement in the forthcoming rule by considering regional and national efficiency in establishing an ACO’s benchmark.

Accountable Care News: Finally, tell us something about yourself that few people would know.
Richard Barasch: I have seen every episode of Seinfeld at least five times.

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