



Health Reform Accountable Care Organizations (ACO) & Health Innovation Zones (HIZ)

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The health reform law created the Center for Medicare & Medicaid Innovation (CMI) to test new payment and delivery models to reduce program expenditures while preserving the quality of care. CMI is scheduled to begin in January 2011. Accountable Care Organizations (ACO) and Health Innovation Zone (HIZ) are two examples of programs HHS can test as a way to improve the quality of care of a specified population and reduce or eliminate potentially avoidable expenditures.

Accountable Care Organizations

ACOs can be created by physician group practices, networks of physicians, partnerships between hospitals and physicians, and health systems that employ physicians and other health professionals to care for a defined population of Medicare beneficiaries. ACOs would receive a share of per capita reductions in health expenditures for assigned Medicare beneficiaries against a specified benchmark. The benchmark for each ACO will be based on the most recent 3-years of per-beneficiary expenditures for Parts A and B services for Medicare fee-for-service beneficiaries assigned to the ACO. The ACO will not be subject to payment penalties if savings are not achieved.

Applicants for ACOs must meet the following criteria:

- Maintain a legal structure to facilitate receipt and distribution of shared savings
- Include adequate primary care professionals to provide services to at least 5,000 beneficiaries
- Participate in the program for at least 3-years
- Have a management structure that includes clinical and administrative systems capable of supporting evidenced-based medicine, care coordination, quality reporting and longitudinal evaluation of quality and cost measures including Physician Quality Reporting Initiative (PQRI)

Regulations for ACO pilots are expected later this summer and 3-year pilots would begin by January 2012.

Health Innovation Zones

A HIZ is a geographic region containing an Academic Medical Center (AMC), teaching hospital and other clinical and non-clinical entities that provide the full spectrum of healthcare services to a defined population and incorporate new clinical training the next generation of health care providers. A HIZ is designed to coordinate care with a multiple payers and enable resources to be allocated to achieve the greatest value.

For public and private insurers, the HIZ will provide care at an aggregate payment level less than the projected payment growth rates. With specific exemptions and waivers from certain laws, rules and regulations, savings will be achieved by creating more efficient methods of healthcare delivery and increasing provider collaboration.

Partnership & Collaboration Opportunity

Establish a UNMC-based HIZ/ACO that coordinates and provides care for Nebraska citizens enrolled in both private and publicly sponsored health insurance programs.