

## **Accountable care organizations could dramatically affect radiology practice**

### Diagnostic Imaging

As new approaches to health information technology and evidence-based medicine affect payment methodologies, it's time for radiologists to rethink their clinical practices and business strategies. Radiology will be affected not only because it reaches across the full spectrum of healthcare delivery, but also because of the movement of integrated delivery systems toward employing radiologists and the use of corporate teleradiology interpretations to reduce costs.

Three specific legislative measures will significantly affect the ordering of diagnostic imaging tests and determinations of appropriateness. These are the HITECH Act's incentives for electronic health record (EHR) implementation, the Medicare Imaging Demonstration Project (under the Medicare Patient and Provider Protection Act [MIPPA]), and provisions in the 2010 Patient Protection and Affordable Care Act for the development of accountable care organizations (ACOs), which will take effect in January 2012.

The HITECH Act and Medicare Imaging Demonstration Project will help streamline radiologic electronic order entry and foster more appropriate use of diagnostic testing through decision-support systems. The HITECH Act will impose penalties on physician practices for noncompliance starting in 2015. If successful, the Medicare Imaging Demonstration Project, which begins in January 2011, may drive the adoption of decision support as part of this electronic workflow. Decision support systems may also form the missing "connector" between payers and providers who must document savings. Projections call for \$5 billion in savings to be generated via ACOs. These monies will be reimbursed by the Department of Health and Human Services (HHS) under the Medicare Shared Savings Program.

### **THE HEALTHCARE REFORM LAW**

The Patient Protection and Affordable Care Act of 2010, generally known as the healthcare reform law, is likely to have the greatest long-term impact on the future practice of radiology. This act creates incentives for hospitals, health systems, large multispecialty groups, and independent practice associations to more closely integrate physician practices in order to generate savings that can be shared with the Centers for Medicare and Medicaid Services (CMS) under an ACO model of healthcare delivery. Much of which is expected to be reimbursed to ACOs by HHS over the next 10 years, if the ACOs can meet the quality and cost savings initiatives being developed under the newly formed Centers for Medicare and Medicaid Innovations (CMI").

Congress has allocated \$10 billion for the CMI to develop and implement the final rules for ACOs. Richard Gilfillan, M.D., was recently named acting director of CMI. He

is the former president and CEO of Geisinger Health Plan and executive vice president of insurance operations for Geisinger Health System, an integrated health system with 750 physicians, three hospitals, and 12,000 employees. Many major health systems are already teaming with commercial insurance companies to form ACO models on behalf of employer groups. At least 10 pilot ACO projects are being developed right now.

Systems such as the Carilion Clinic in Virginia, Norton Health System (with Humana) in Louisville, KY, and Tucson Medical Center (with United Healthcare) have initiated pilot ACO projects through the Brookings-Dartmouth joint venture run by former CMS director Mark McClellan, M.D., of the Brookings Institution in Washington, DC, and Elliot Fisher, M.D., director of the Dartmouth Institute for Health Policy and Clinical Practice. Additional ACO pilots are likely to be announced in the coming months.

More than 70 major hospital systems and insurers are participating in learning groups with the intention of forming ACOs. Premier, the 2300-member hospital group, has an ACO Collaborative and Readiness program established. More than 200 hospitals have joined already.

### **ACO BASICS**

At a high level, the ACO represents a business partnership between the payer (e.g., Medicare) and the provider to work together to bend the cost curve over time by reducing the inflationary trend in healthcare costs and sharing in the savings produced (see graph below). Commercially, Humana, UnitedHealthcare, and other payers are already joining with hospital systems to pilot ACO programs. They promote team-based delivery and financing models that encourage physicians, hospitals, and other healthcare providers to collaboratively manage and coordinate care for eligible beneficiaries.

Some integrated delivery systems and large multispecialty groups already consider themselves ACOs. They are waiting to take specific action until there are rules for application and certification in 2011. The government anticipates that savings will be generated by reducing duplicative services, improving productivity, minimizing paperwork, and improving cost efficiency. In doing so, providers stand to receive a share of the savings generated, including radiologists. Decision-support systems will play a key role in tracking and reporting on shared savings generated for providers and payers.

A recent Urban Institute paper on ACOs<sup>1</sup> listed three essential characteristics:

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