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### **Healthcare Leaders Advocate for ACO Development at ACHE of Massachusetts Spring Conference in Needham**

NEEDHAM, Mass. – Two hundred healthcare leaders across Massachusetts attended the American College of Healthcare Executives (ACHE) of Massachusetts spring conference, “Insights into Successful Organizations and Strategies: National Case Studies on ACO Development,” on May 24 at the Sheraton Needham.

An ACO, or accountable care organization, is a payment model offering physician practices, hospitals, and insurers financial incentives to provide high-quality, cost-efficient care to Medicare beneficiaries and other patient populations.

Massachusetts continues to lead the nation in healthcare reform and universal coverage, with the governor and state legislature moving toward the possible implementation of a global payment system for state employees and Medicaid recipients. This trend will require massive restructuring in the way care is delivered in order to achieve success under the new and emerging financial models.

The conference’s featured speakers discussed their organizations’ models of innovative solutions and successful implementation. Their strategies and tactics included population health management; financial risk assumption; innovative models of care; removing variation in the delivery of care; eliminating unnecessary care; implementing metrics to guide care redesign; and utilizing medical homes and disease management.

David Longworth, MD, chair of the Medicine Institute and Strategy Leader for ACO Development at the Cleveland Clinic in Cleveland, Ohio, has been working to develop and execute health care reform strategy since 2011. He believes that reform is inevitable, irrespective of a Supreme Court ruling or the presidential election results in November.

“The current model is unsustainable,” Dr. Longworth said. “[The future] is all about increasing value, which is the right thing to do in any payment methodology.” In fact, his physician-led organization is planning a three-pronged approach to a value-based operations (VBO) strategy: population management, through a team approach supported by analytics to proactively tailor medical care; a vendor strategy, in which employers, insurers or other ACOs will be able to contract for select medical procedures with transparent costs; and shared savings, based on the ability to provide high-quality care at a lower cost.

“We want to figure out how to do this,” he said. “I believe we can change the system and small numbers of people can make a difference, like each and every person in this room.”

Nancy Kane, DBA, professor of management and associate dean for educational programs at the Harvard School of Public Health in Boston, discussed how the current healthcare system has become “an impossible financial burden.” While Massachusetts has the lowest rate of uninsured in the country (at 1.9 percent, compared to a national average of 16 percent), its personal healthcare spending per capita is almost one-third higher than the rest of the nation.

Because average annual cost growth shows no sign of slowing down, other spending priorities – like education, mental health, and human services – are being squeezed out of the Massachusetts state budget. Fueling some of these increases is the higher cost of services at major teaching hospitals.

“The heart of the matter is how can we better utilize community hospitals or bring down the cost of teaching hospitals, because we can’t afford them anymore,” she said. “It will be a bumpy road getting there, but the message is we are going to get there.”

Warner Thomas, president and chief operating officer of Ochsner Health System in New Orleans, agrees that medical costs are rising faster than inflation. In addition, according to the Commonwealth Fund, the cost of private insurance premiums for U.S. families rose three times faster than median household income from 2003 to 2009. Deductibles rose nearly five times faster than income.

To reverse this trend, he advocates for the selection of a primary care physician to coordinate care and provide aggressive management of chronic conditions. Additionally, Ochsner has found success in its self-appointed role as a wellness leader, with rebates provided for non-smokers, employees who walk at least 7,000 steps five days a week, and those who check their blood pressure and BMI at a health kiosk four times a year. In the past 24 months, he said Ochsner employees have lost 56,000 pounds.

“Our results are preliminary,” Thomas said, “but encouraging.”

The conference also featured a panel discussion moderated by Ken Hanover, FACHE, president and chief executive officer of Troy, New York-based Northeast Health System. Panelists were Russell Munson, MD, senior medical director of clinical integration at Fallon Community Health Plan in Worcester; Regina Rockefeller, partner with Nixon Peabody LLP of Boston; and Alan Macdonald, president emeritus of the Boston-based Massachusetts Business Roundtable.

### **About ACHE of Massachusetts**

Founded in 1968, ACHE of Massachusetts is a professional association providing executive-level managers of healthcare institutions with opportunities for professional collegiality and continuing education. ACHE of Massachusetts is an independent chapter of the American College of Healthcare Executives and is the premier association in New England for healthcare executives. In 2012, the affiliate was honored with the ACHE Chapter Merit Award in recognition of its membership growth. For more information, visit [www.massache.org](http://www.massache.org).

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