CMS ANNOUNCES NEW AZ ACOs
In December 2013, the Centers for Medicare & Medicaid Services announced 123 new organizations were selected to participate in the Medicare Shared Savings Program (MSSP) beginning Jan. 1, 2014. Two of the new ACOs, Premier Care Network and Scottsdale Health Partners, will operate in Arizona.

There are now 343 ACOs in the MSSP, nine of which have operations in Arizona.

MIXED RESULTS FOR MSSP ACOs
CMS recently released interim financial results for the MSSP ACOs.

Of the 114 ACOs that started in April and July 2012, 54 had lower than projected expenditures during their first 12 months of participation. Of that number, only 29 saved enough to qualify for bonus payments, which totaled $126 million.

The 25 percent bonus payment rate does not come as a surprise to at least some industry analysts. New ACOs have to tackle a number of foundational steps before demonstrating savings or earnings bonuses, said Rob Lazerow, practice manager at The Advisory Board Company in Washington, D.C. Those steps include engaging physician partners; improving referral pathways; deploying IT and analytic systems; and developing new care management models.

TWO ARIZONA ACOs JOIN PROGRAM
The following organizations started participating in the Medicare Shared Savings Program beginning Jan. 1, 2014:

- **Premier Care Network** is a physician-led, physician-managed ACO comprised of more than 70 private practice primary care physicians and more than 12,000 traditional Medicare beneficiaries. Premier is a non-hospital affiliated ACO, with providers in southern Nevada — chiefly Las Vegas — and northwest Arizona, including Kingman, Lake Havasu, Parker and other rural areas. The MSSP is headed by Dr. Zaffar Iqbal of Kingman and is funded entirely by the physicians.

- **Scottsdale Health Partners (SHP)** is a physician-led joint venture between Scottsdale Healthcare and Scottsdale Physician Organization. SHP’s network includes more than 400 specialty physicians and more than 80 primary care physicians, as well as the Scottsdale Healthcare hospital system.

COMMONWEALTH ACO GROWS
Commonwealth Primary Care ACO (CPCACO), created more than three years ago out of the Greater Phoenix Integrated Practice Affiliation, has grown to a network of more than 100 primary care physicians and specialists. Brought together by Dr. Curtis Page of Tempe, CPCACO was designated as a MSSP ACO as of Jan. 1, 2013.

The Commonwealth ACO network has grown from a strong presence in the East Valley to all areas of greater Phoenix. It is the largest primary care group in Flagstaff. CPCACO is currently the only independent, primary care physician-based MSSP ACO in the Phoenix market.

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<th>Start Date</th>
<th>Service Area</th>
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<tr>
<td>Premier Care Network</td>
<td>1/1/14</td>
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<td><a href="http://www.PremierACO.com">www.PremierACO.com</a></td>
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<tr>
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Additional information: www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/News.html

* Banner Health Network ACO is not included, as it is part of the Pioneer ACO program.
MOST UNINSURED PEOPLE DON’T PLAN TO GET COVERAGE

A survey by the Robert Wood Johnson Foundation and the Urban Institute estimates less than 40 percent of uninsured will get health insurance this year. Research indicates only 31 percent of uninsured adults eligible for Medicaid think they’re eligible, and only 35 percent of uninsured adults who qualify for a premium subsidy have knowledge that they might qualify. A similar percentage, 40 percent, of uninsured adults thought they would have to pay a penalty if they remained uninsured. This survey, along with previous surveys, indicates understanding of the Affordable Care Act remains low, despite various major mobilization efforts.

WELLNESS PROGRAMS DISAPPOINT

A study by the Rand Company of wellness programs at eight national companies concluded that employers do not see significant savings from wellness programs. The companies in the study represent 600,000 employees. Seven companies provided recent data, while the eighth provided a decade of data to review. Employers attempted to manage health care costs in two ways: with wellness programs that help employees with lifestyle issues — smoking and obesity are the top two — and disease management support for employees with chronic conditions. Rand found the disease management programs had a much higher return on investment than the wellness programs. Disease management programs returned $3.80 per dollar spent, but wellness programs only returned $.50 per dollar spent.

Rand doesn’t suggest employers cancel wellness programs in favor of disease management programs, but it emphasizes that disease management programs pay off more quickly.

INSURERS, EMPLOYEES LOOK TO FILL COVERAGE GAPS LEFT BY ACA

Many people purchasing plans that are compliant with the Affordable Care Act (ACA) are seeing their out-of-pocket costs grow. Employers that are trying to control health insurance premium increases and/or the impact of ACA are also raising deductibles and out-of-pocket costs. In response, the insurance industry is increasingly offering supplemental policies that help cover these higher costs. These plans, for example, may pay cash after a hospital admission or for specific critical illnesses, such as cancer or heart disease.

The U.S. Department of Labor eased restrictions on these types of plans in January, allowing companies to pay benefits for each medical service, such as hospitalization. Prior regulations restricted the plans to a per-day or per-week payment. Fixed cash benefits are a common feature of these plans. For example, they may pay $10,000 or more upon diagnosis of a critical illness, such as cancer, while other plans’ payments are triggered by hospitalization or other medical services. When employers offer these supplemental plans, they typically do not contribute to the cost. However, employers who offer supplemental policies are seeing more interest because of rising deductibles. Brokers see them as a way to replace lost commissions on compliant health plans. Insurance companies that traditionally have not included supplemental policies in their portfolios are giving them a second look.

LAGNIAPPE

::: Banner Health has signed an agreement to purchase in May the assets of Casa Grande Regional Medical Center. As part of the terms of the sale, the medical center filed for Chapter 11 bankruptcy earlier this month.

::: The Congressional Budget Office (CBO) projects that 13 million additional people will have health insurance in 2014 because of the ACA. The CBO estimates that 6 million individuals will purchase health insurance through the exchanges in 2014, and 8 million people will be added to the Medicaid rolls. (The net gain is 13 million since some of those people were previously insured).

Both figures are lower by 1 million people, compared with previous CBO estimates. Insurers report that, on average, one in five people who signed up for insurance with the exchange failed to pay their first premium.

::: With the announced delay in the employer mandate, the U.S. Treasury Department has issued final regulations for implementation of the employer “shared responsibility” requirements of the Affordable Care Act. The mandate pertaining to employers with 50-99 full-time equivalents (FTEs) will be delayed by one year, to 2016.

For employers with 100 or more FTEs, the mandate will start in 2015, but in that year, employers will only be required to cover 70 percent of their full-time workers. Beginning in 2016, large employers must offer coverage to at least 95 percent of their full-time employees. Employers with fewer than 50 employees are exempt from the mandatory insurance requirements.

::: Arizona ranked fifth (13.7 percent) in the number of uninsured under the age of 18 as a percentage of the total population, according to a U.S. Census Bureau survey using 2012 data.

COMINGS & GOINGS

Dr. Douglas Spegman has been named the new chief clinical officer for El Rio Community Health Center in Tucson. ::: Edward Donahue is the new chief medical officer at St. Joseph’s Hospital and Medical Center in Phoenix. ::: Michelle Just has been promoted to president and CEO of Beatitudes Campus, replacing retiring CEO Peggy Mullan. ::: Life Care Center in Sierra Vista has named Joe Renn executive director. ::: Jim Haynes has been named senior vice president and COO of the Arizona Hospital and Healthcare Association. He was previously CFO.

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