Because what you don’t know can hurt you, healthcare literacy is critical to consumers, but as Accountable Care Organizations (ACOs) continue to expand in the Arizona market, primary care physicians also benefit from heeding the consumer law of caveat emptor.

“It is very important to read the fine print in the ACO participation agreement as well as the operating or shareholders agreements,” said healthcare attorney and physician Raymund King, co author of “The ABCs of ACOs: A Practical Handbook on Accountable Care Organizations.” “I have seen many restrictive clauses buried in these documents that create restrictions above and beyond any that are in the regulations.”

For physician’s shopping for an Arizona ACO, the options recently expanded with the addition of one new Medicare Shared Savings Program (MSSP) participant; Abacus ACO, and the state’s only Next Generation ACO, Optum ACO.

With more brands to choose from, PCPs and to a lesser degree specialists, now have more options

The Centers for Medicare and Medicaid Services (CMS) chose Optum ACO in Arizona as one of 21 in the nation for its newest initiative, the Next Generation Accountable Care Organization.

The newest model is an initiative for ACOs experienced in coordinating care for populations of patients. The model is designed to test whether strong financial incentives for ACOs, coupled with tools to support better patient engagement and care management, can improve health outcomes and lower expenditures for original Medicare fee-for-service (FFS) beneficiaries.

Optum ACO is affiliated with Optum Medical Network (formerly Life Print) and is the only Arizona participant in the Next Generation ACO Model in 2016. Optum ACO reports it has 203 PCP’s serving over 37,000 Medicare beneficiaries. Garell Jordan has been named its CEO.

Arizona also has a new Medicare Shared Savings Program (MSSP) ACO. Abacus Health is centered in Tucson and affiliated with Arizona Community Physicians. As of press time, they had not reported their PCP or beneficiary totals to The Hertel Report.

Also, John C. Lincoln ACO and Scottsdale Health Partners are moving to combine their two ACOs into a single entity in 2016. Challenges include distinctly different ownership and governance structures, different start dates with CMS for each MSSP product, and varying financial arrangements already in place.

Once completed, HonorHealth could have a single Medicare ACO with more than 30,000 traditional Medicare beneficiaries plus numerous commercial ACO contracts.

### ARIZ MIX OF MEDICARE ACCOUNTABLE CARE ORGANIZATIONS

<table>
<thead>
<tr>
<th>ACO NAME</th>
<th>ACO TYPE</th>
<th>START DATE</th>
<th>OWNERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banner Health Network</td>
<td>Pioneer</td>
<td>1/1/2012</td>
<td>Banner Health, Banner Medical Group, Banner Physician Hospital Organization, Arizona Integrated Physicians</td>
</tr>
<tr>
<td>Arizona Care Network</td>
<td>MSSP</td>
<td>1/1/2012</td>
<td>Dignity Health and Abrazo Community Health Network</td>
</tr>
<tr>
<td>Commonwealth Primary Care ACO</td>
<td>MSSP</td>
<td>1/1/2012</td>
<td>Independent PCP’s</td>
</tr>
<tr>
<td>Arizona Connected Care</td>
<td>MSSP</td>
<td>4/1/2012</td>
<td>Tucson Medical Center and independent physicians</td>
</tr>
<tr>
<td>John C. Lincoln ACO</td>
<td>MSSP</td>
<td>7/1/2012</td>
<td>HonorHealth</td>
</tr>
<tr>
<td>Scottsdale Health Partners</td>
<td>MSSP</td>
<td>1/12014</td>
<td>HonorHealth and Scottsdale Physicians Organization</td>
</tr>
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<td>ASPA Connected Care</td>
<td>MSSP</td>
<td>1/1/2015</td>
<td>Arizona State Physicians Association and Atlantis</td>
</tr>
<tr>
<td>North Central Arizona Accountable Care</td>
<td>MSSP</td>
<td>1/1/2015</td>
<td>Yavapai Regional Medical Center, Northern Arizona Healthcare</td>
</tr>
<tr>
<td>Abacus Health LLC</td>
<td>MSSP</td>
<td>1/1/2016</td>
<td>Arizona Physicians Group</td>
</tr>
<tr>
<td>Optum ACO</td>
<td>Next Gen</td>
<td>1/1/2016</td>
<td>Optum Medical Network</td>
</tr>
</tbody>
</table>

Notes:
- Premier and Central Utah Clinic not included due to limited Arizona presence
- Yuma Connected Community, Yavapai ACO and Arizona Priority Care left the MSSP program.
to consider when deciding what constitutes a fair share of shared savings. Unlike specialists who can shop out their services to a variety of ACOs unless contractually prohibited in the ACO contract, PCPs pledge their allegiance and their beneficiaries to one single Medicare ACO. When that ACO is no longer an attractive option, PCPs in Arizona do what any other consumers do - they look for a better value.

Brand loyalty wasn’t enough to keep Arizona Primary Care Physicians (APC) from recently moving from the Banner Pioneer ACO to Optum ACO and bringing thousands of Medicare patients with them.

“Physicians need to understand that all ACOs are not created equal,” explained King. “Are they being offered ownership interest, or merely a right to work for the ACO? Is the management agreement structured to fairly compensate the ones doing the work?”

As the largest independent primary care medical group in the greater Phoenix market, APC was formed in September touting provider ownership and governance for family practice, internal medicine, and pediatric physicians – along with small practice autonomy. Its goals are ambitious – to grow from 76 to 250 providers, 32 to 250 locations and expand across the state.

Part of Arizona Integrated Physicians (AIP), one of four owners of Banner Pioneer ACO, APC’s primary care physicians provide and manage care for approximately 14,000 Medicare beneficiaries, now attributed to Optum ACO.

The Banner Pioneer ACO, through its integrated partnerships with its owners, AIP, Banner Medical Group, Banner PHO and Banner Health, made it an early star of the ACO model by producing 2013 and 2014 shared savings of $9 million and $19 million, respectively.

Because every ACO has its own distinct methodology for shared savings, APCs move away from Banner may simply reveal that physician’s found more potential for a bigger piece of shared savings at Optum ACO.

Regardless of APC’s motives for the move, it’s certain that Optum ACO assigned value to the gain in Medicare lives that APC represents, but also the addition of PCPs experienced in managing care for Medicare patients.

STATE MEDICAID DIRECTORS PUSH BACK ON CMS

The National Association of Medicaid Directors expressed reservations about the federal government’s proposal to set national thresholds for access to care and asked officials from the Centers for Medicare and Medicaid Services (CMS) to work closely with states to develop the measures.

Medicaid directors detailed why they believe states are best equipped to navigate the challenges posed in their individual health-care landscapes in the January 4 letter signed by NAMD President and AHCCCS Director Thomas Betlach and NAMD Vice President John McCarthy.

The letter posits standard thresholds for access to care set by CMS would limit states’ ability to address unique community-specific factors.

Arizona submitted individual comments to CMS stating that the proposal should apply only to certain Fee-For-Service programs that are outside of the structure of Medicaid managed care. It urged officials to consider factors that stretch beyond state control, including a lack of transparency on some claims data.

As of January, there are currently 1.85 million Medicaid beneficiaries in Arizona.

“Maintaining a focused approach will not only limit the number of measures but will achieve the goal of truly monitoring access to care.

Based on Arizona’s experience, tracking utilization data and health outcomes are at the heart of that focus.”

Tom Betlach, AHCCCS Director
Improving community health outcomes by identifying and addressing social needs

**NEW COMMUNITY HEALTH MODEL - $157 MILLION AVAILABLE**

Identifying and addressing social needs like hunger, housing instability and lack of transportation could improve patient health, reduce chronic conditions and decrease costs. That’s the idea behind the Accountable Health Communities Model, a new program announced in January by the Department of Health and Human Services. The model, which will provide $157 million in funding to support up to 44 organizations across the nation, is committed to closing the gap between unmet social needs and overall health.

Funding will help organizations provide patient screening for social and behavioral issues and follow-up referrals for local community support services. The selected “bridge organizations” will work to ensure Medicare and Medicaid beneficiaries receive assistance and are connected to local services that will help address a variety of needs. The model will test three approaches: community referral, community services navigation and community service alignment.

Community-based organizations, hospitals and health systems, higher education institutions and local government entities are part of a broad group that’s eligible to apply for funding through the new model. CMS is accepting applications until March 31. Winners will be announced in the fall. For more details and how to apply visit the CMS Innovation Center online or click here.

“It’s the right direction and model,” said Tara McCollum Pleese, the chief external affairs officer for the Arizona Alliance of Community Health Centers. “It’s a good partnership opportunity to work with other organizations to bring this to fruition.”

Monica Coury, assistant director of the Arizona Health Cost Containment System, said there’s already a significant effort underway in Arizona to address the intersection between social needs and quality care. AHCCCS is open to reviewing proposals from local organizations interested in seeking funding through the Accountable Health Communities Model.

“Connecting AHCCCS members to broad community support services is an important aspect of improving overall health outcomes and something our health plans/RBHAs and other partners are already working on or working towards,” Coury said.

**ARIZONA KIDSCARE DEBATE**

Republican state representative Regina Cobb has introduced House Bill 2309 to restore KidsCare. Arizona is the only state without a CHIP program (dubbed KidsCare in AZ). KidsCare once had nearly 50,000 enrollees. Now the program’s enrollment is less than 1000 with more kids dropping off every month.

Enrollment will drop to zero unless reinstated by the legislature. Kidscare helps children whose parents make too much to qualify for Medicaid, yet too little to buy insurance. Parents can enroll their children if they make between 138 percent and 200 percent of the federal poverty level (FPL), or between $27,000 and $40,000 for a family of three. A recent study reports Arizona has the highest rate of uninsured children in the U.S. for families with incomes of up to 200 percent of FPL.

The federal government will fund the program at 100 percent at least through 2017.

**HIM/MA RESULTS**

CMS reports that by December 26, 2015, 11.3 million people signed up for a health plan on the federal and state marketplaces. Arizona had 173,000 sign up by January 2nd 2016.

CMS also reported in January, at the close of the Medicare Advantage annual enrollment period in Arizona, approximately 435,000 chose a straight MA plan.

**COMINGS & GOINGS**

**Stan Adams** was named CFO at Summit Healthcare in Show Low. He was the CFO for Banner Baywood Medical Center and Banner Heart Hospital.

**Lisa Betancourt** is now the manager of the quality department at Conifer Health Solutions. She was the manager of the quality department for Arizona Priority Care.

**Jeff Butcher** is now CFO for Health Choice.

**Marcos Bryand** is now the director of managed care at Kindred Healthcare. He was the associate VP in provider contracting at Cigna.

**David Covert** is the new CEO at Green Valley Hospital. He was the CEO for St. Luke’s Medical Center.

**Jim Flynn** is now the CEO at St. Luke’s Medical Center.

**Chris Hill** is now CEO of Urgent Care Extra. Hill was the CEO for St. Luke’s Medical Center and the Arizona Spine and Joint Hospital.

**Garell Jordan** is now CEO of Optum ACO.

**Kurt Loveless** is now CEO at the CORE Hospital. He was the CFO at Summit Healthcare.

**Eric Tombin** is now COO of health system operations for the CORE Institute.

**Chandra Merica** is now the director of analytics for Arizona Care Network.

**Holly Peraza** was promoted to director of contracting for southern Arizona and Nevada for Humana. **Karen McAllister** is now the network relations director for Humana covering Arizona and Nevada. She was the former director of network development for HealthCare Partners.

**Todd Roche** is now the marketing and business manager at OrthoArizona.

**Jennifer Schumberg** is now chief operating officer at Northwest Hospital in Tucson.

**Mary Stokes** is now the vice president of client and provider relations for Solera Health. Stokes was provider relations director for Banner Health.

**Andy Tobin** was appointed by Az. Gov. Doug Ducey to the Arizona Corporation Commission after its chairman resigned Jan. 4. Tobin must leave his position as director of the Arizona Department of Insurance and his role as interim director of the Arizona Department of Financial Institutions.

**Jim Walsh, Sr. is now the director of Health Choice Insurance Co. Walsh was the former chief operating officer of Meritus.**
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