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# Being and Becoming an ACO

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# Shifting role and mission of delivery organizations

	<b>Service delivery</b>	<b>Outcomes generation</b>
<b>Role of delivery organization</b>	Health care production facility: aggregate essential resources	Health production facility: cure disease by applying medical science to each patient
<b>Management focus</b>	Business process, supply chain Resource utilization	Clinical processes System wide performance
<b>Primary measures</b>	Transactions	Outcomes
<b>Locus of knowledge</b>	Individual clinician	Organization

**Source:** Bohmer RMJ, Lee TH. The shifting mission of health care delivery organizations. New England Journal of Medicine, 2009; 361(6): 551-553

# What Didn't Work For Partners in 1995

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*Kenneth Branagh in Henry V*

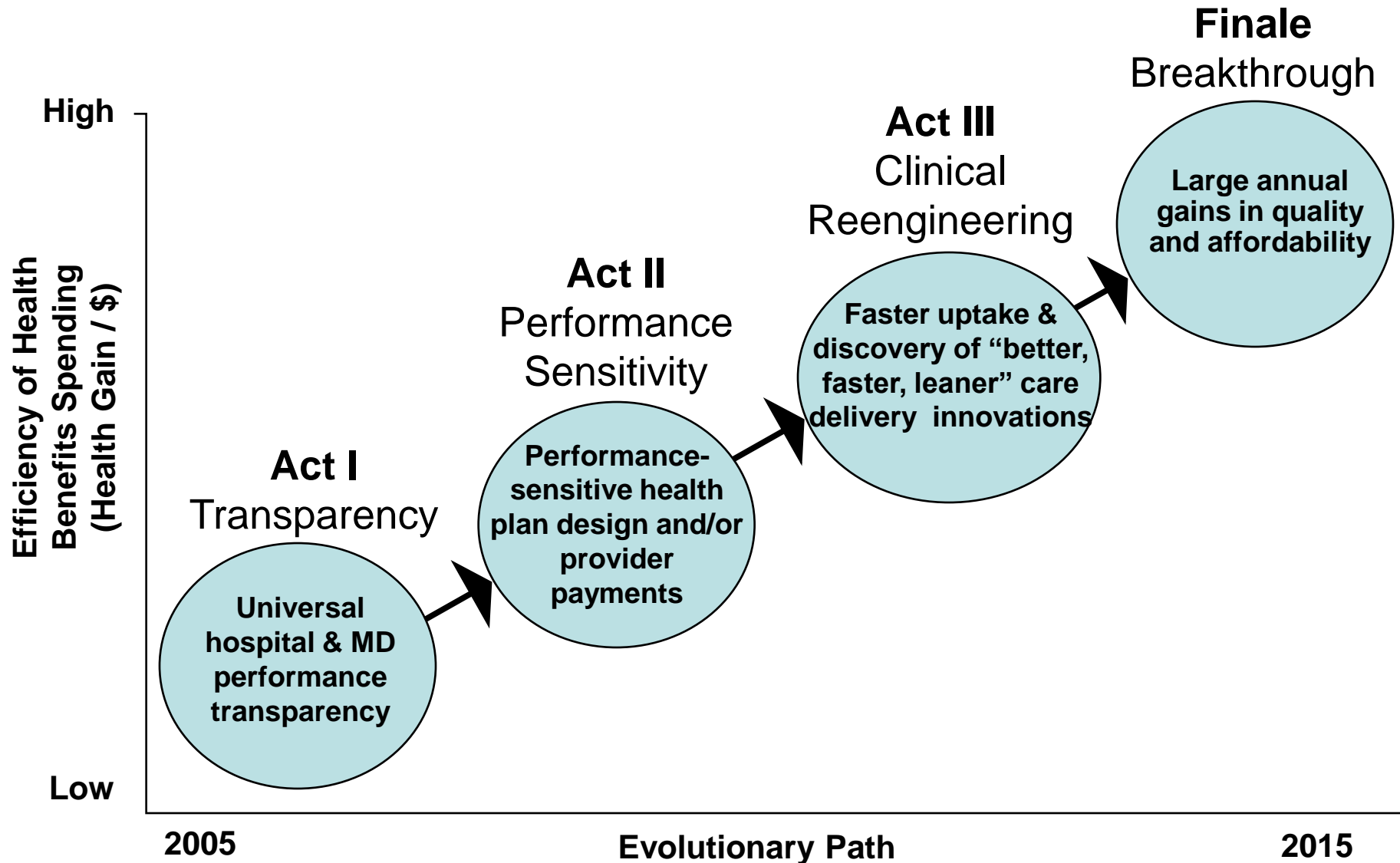
**We few, we happy few, we band of brothers;  
For he to-day that sheds his blood with  
me  
Shall be my brother; be he ne'er so vile,  
This day shall gentle his condition;  
And gentlemen in England now-a-bed  
Shall think themselves accurs'd they were  
not here,  
And hold their manhoods cheap whiles  
any speaks  
That fought with us upon Saint Crispin's  
day.**

# The Barriers

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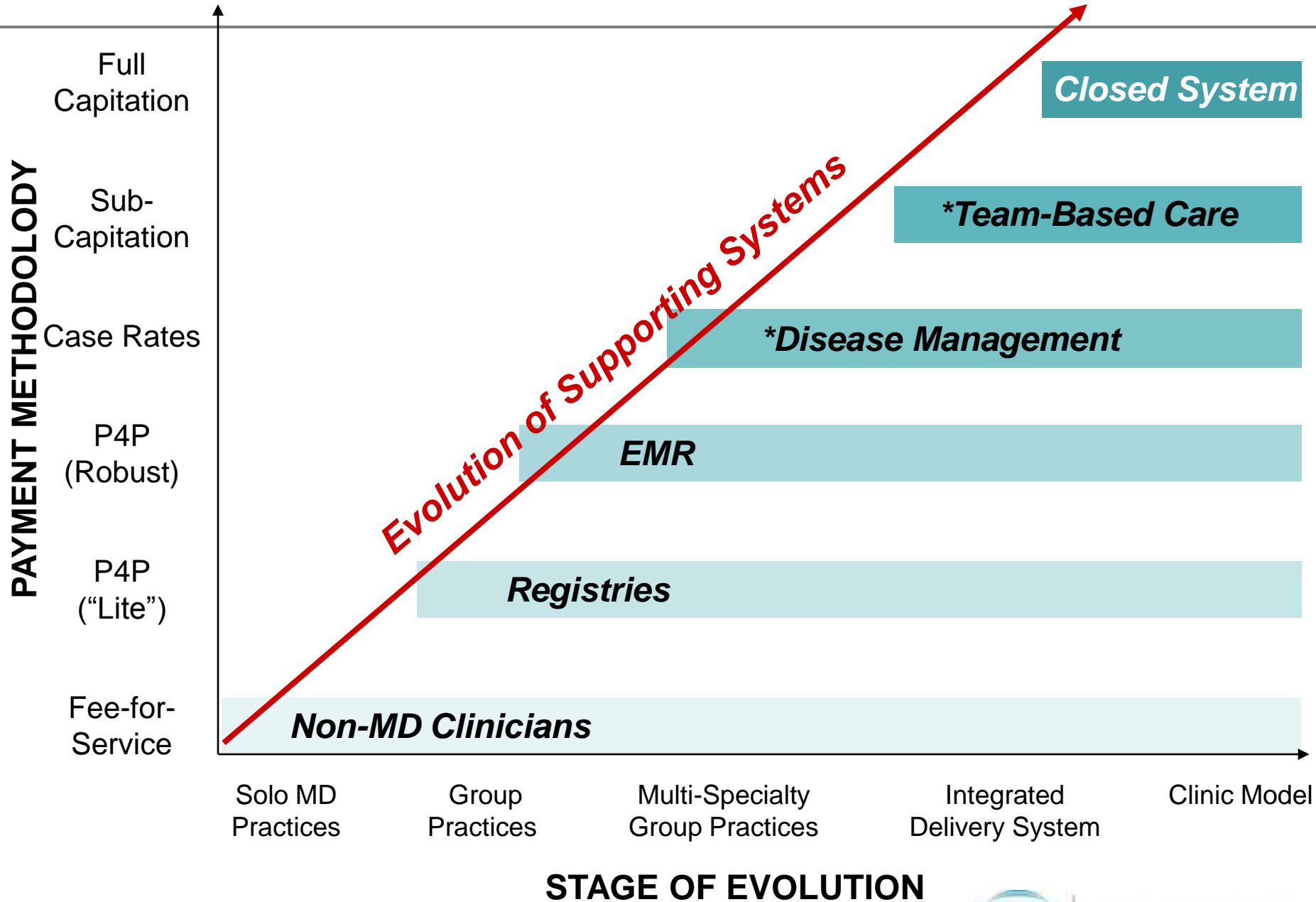
- Fragmentation of health care delivery, reinforced by fee for service payments
- Organization of providers around provider politics and functions, rather than the needs of patients and patient populations
- Discomfort of providers with bearing insurance risk

# An Optimistic Long-term Perspective



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# Evolving Reimbursement and Care Models



# Reservations About Capitation

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- Manageable challenges
  - Patient desires for unrestricted choice
  - Providers not yet sufficiently organized to manage populations
- Major concerns
  - Bearing risk should be done in business-like way, including amassing of appropriate reserves
  - Determination of appropriate budget will always be extremely contentious

*My perspectives:*

1. *Global budget financial risk for populations should not be driven down to provider group level.*
2. *Risk should be held at higher level, and peer pressure should be exerted at group and individual clinician level.*

# Value in Health Care as Organizing Principle

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- Framework from Michael Porter 2008 white paper
- Defined by customer, not supplier
  - Thus, should depend on outcomes that matter to patients
- Outcomes that matter are condition-specific and multi-dimensional
  - Tier 1 – Health status achieved: Survival, degree of health recovery
  - Tier 2 – Process of recovery: time to recovery, disutility of care
  - Tier 3 – Sustainability of health
- Best way to improve value is to improve outcomes
- Providers should be trying to improve one or more outcomes, or lowering the costs required to achieve their current level of outcomes