



**CPAs & BUSINESS ADVISORS**

## **HOW TO CHOOSE AN ACO**

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# WHAT IS AN ACCOUNTABLE CARE ORGANIZATION (ACO)?

- A mechanism to monetize value by increasing quality and reducing costs
- A group of healthcare providers that come together voluntarily to give coordinated high-quality care to their patients
- The goal of coordinated care is to ensure that patients get the right care at the right time, while avoiding unnecessary duplication of services and preventing medical errors.



# ABOUT ACOS

- Hospital or physician led
- Primary care physician assignment
- If costs are lower than target – savings above a certain amount are shared between providers and payor
- Quality must be demonstrated
- 5,000 lives minimum
- Started with one-sided models – moving to two-sided models



# ABOUT ACOS

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- Various payors
  - Medicare
  - Medicaid
  - Commercial



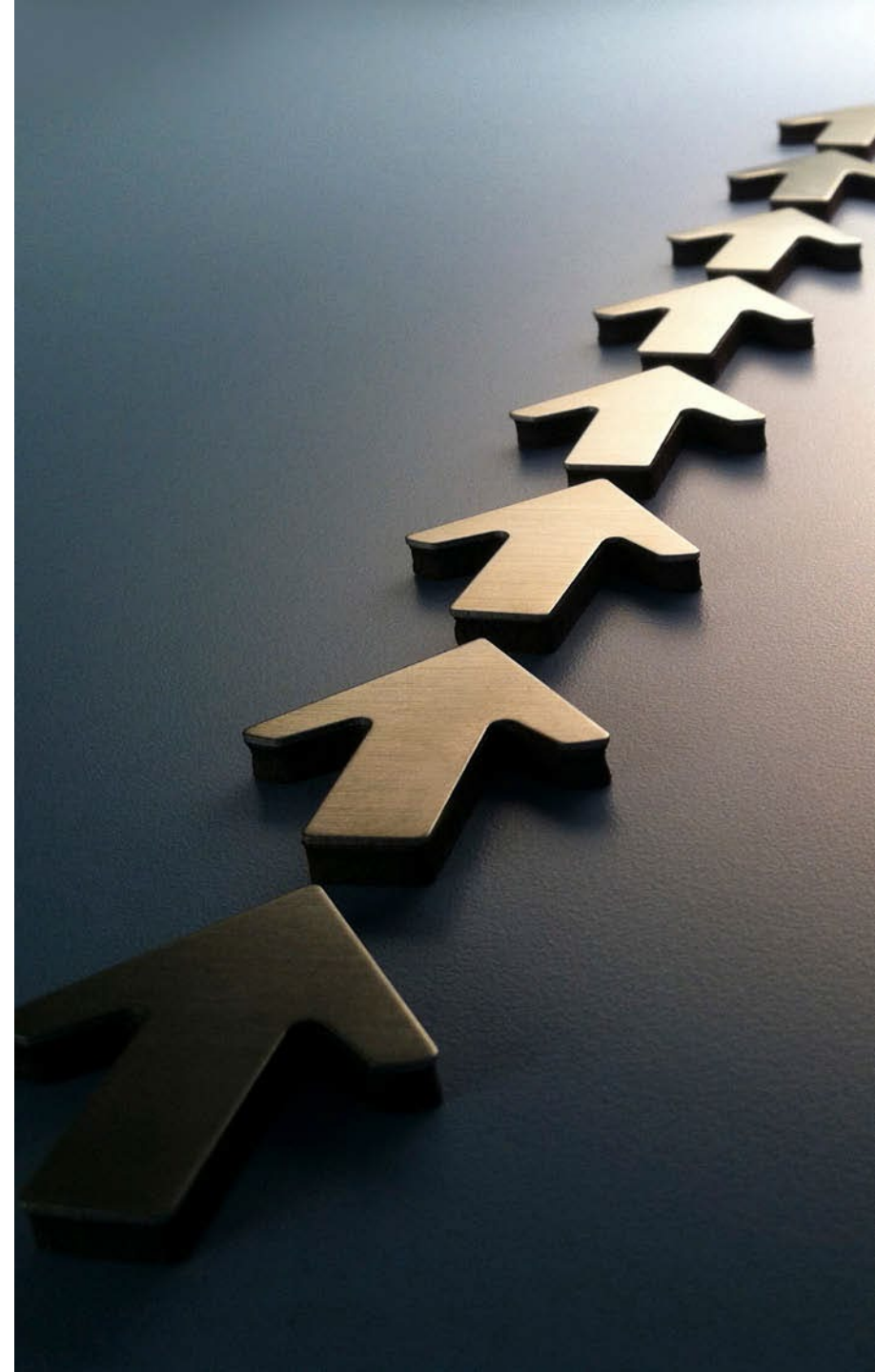


# THE ACO CONSIDERATION

# SETTING UP AN ACO

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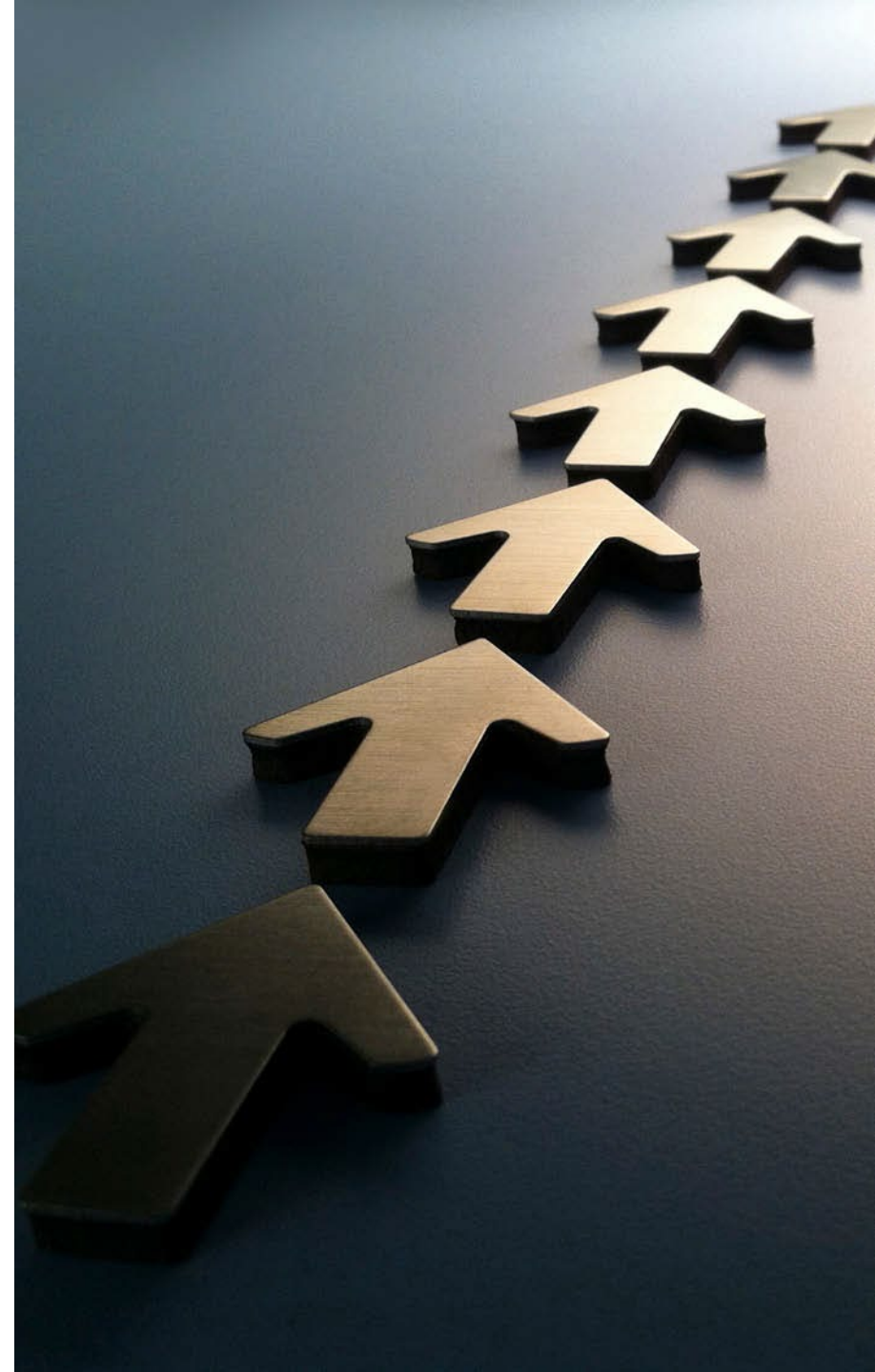
- Many leaders can only see a downside to successful implementation of population health strategies
  - Initial investment
    - Time
      - Potential solutions – external resources
    - Money
      - Potential solutions – aggregators
      - Alternative models with lower cost of entry



# ARE ALL ACO'S CREATED THE SAME?

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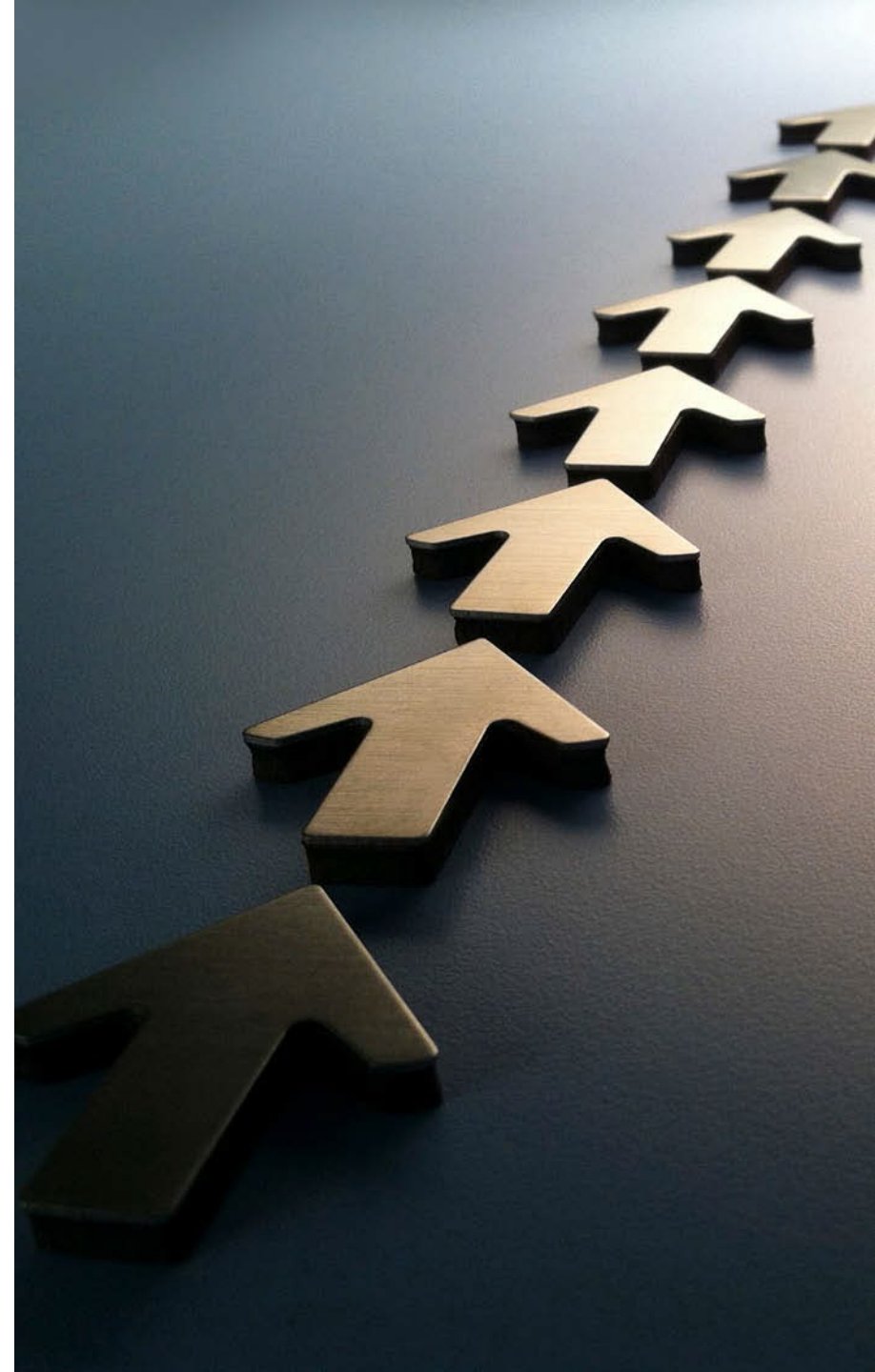
- The short answer – “No”
  - There are new ones
  - There are old ones
  - There are large ones
  - There are small ones
  - There are national ones
  - There are regional ones
  - There are state ones
  - There are full service and a la carte ones
  - There are “inexpensive” and “expensive” ones



# ARE ALL ACO'S CREATED THE SAME?

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- They can all work – they can all fail
  - It is more about the people and processes than the other factors

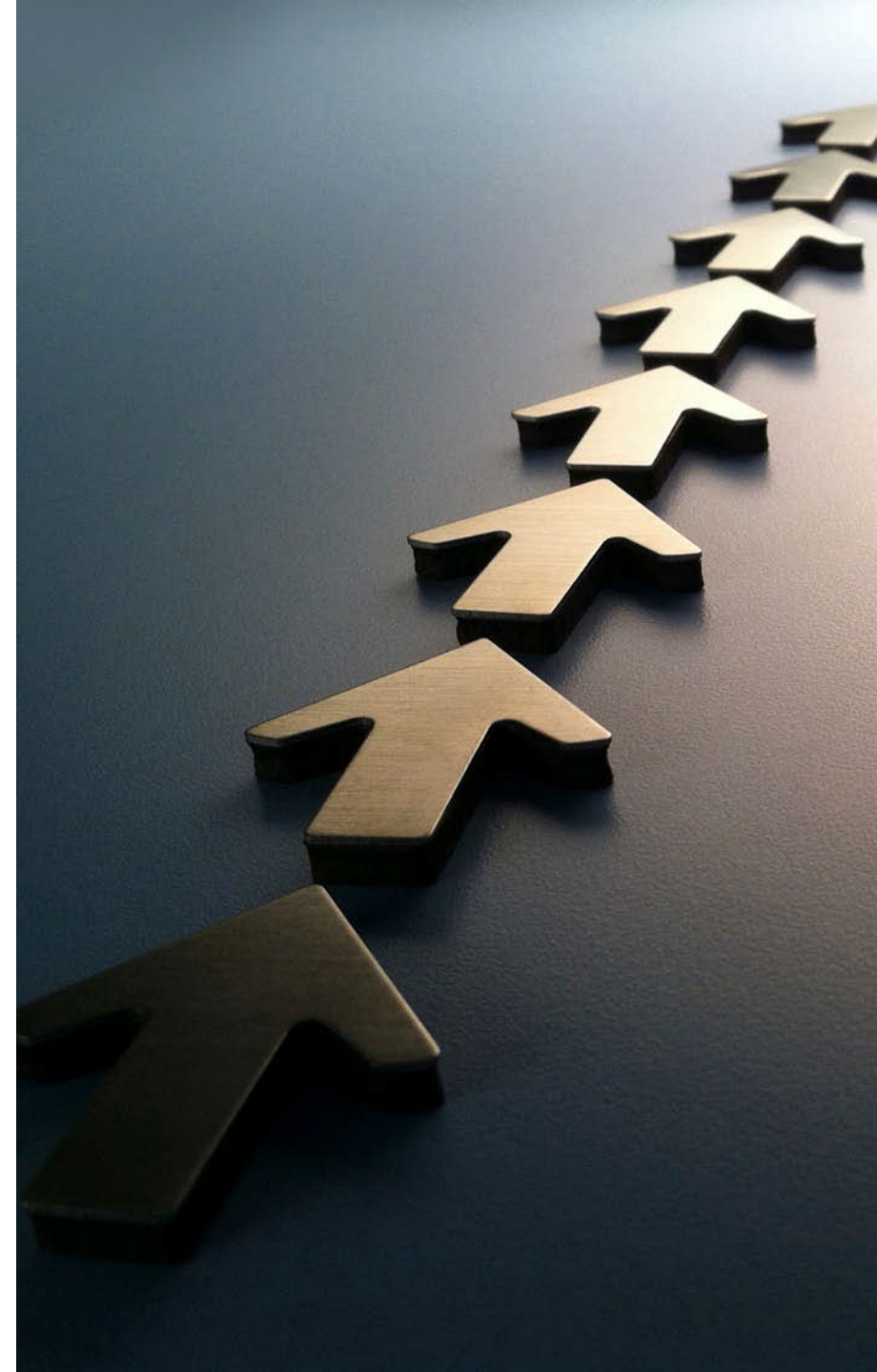




# ARE ALL ACO'S CREATED THE SAME?

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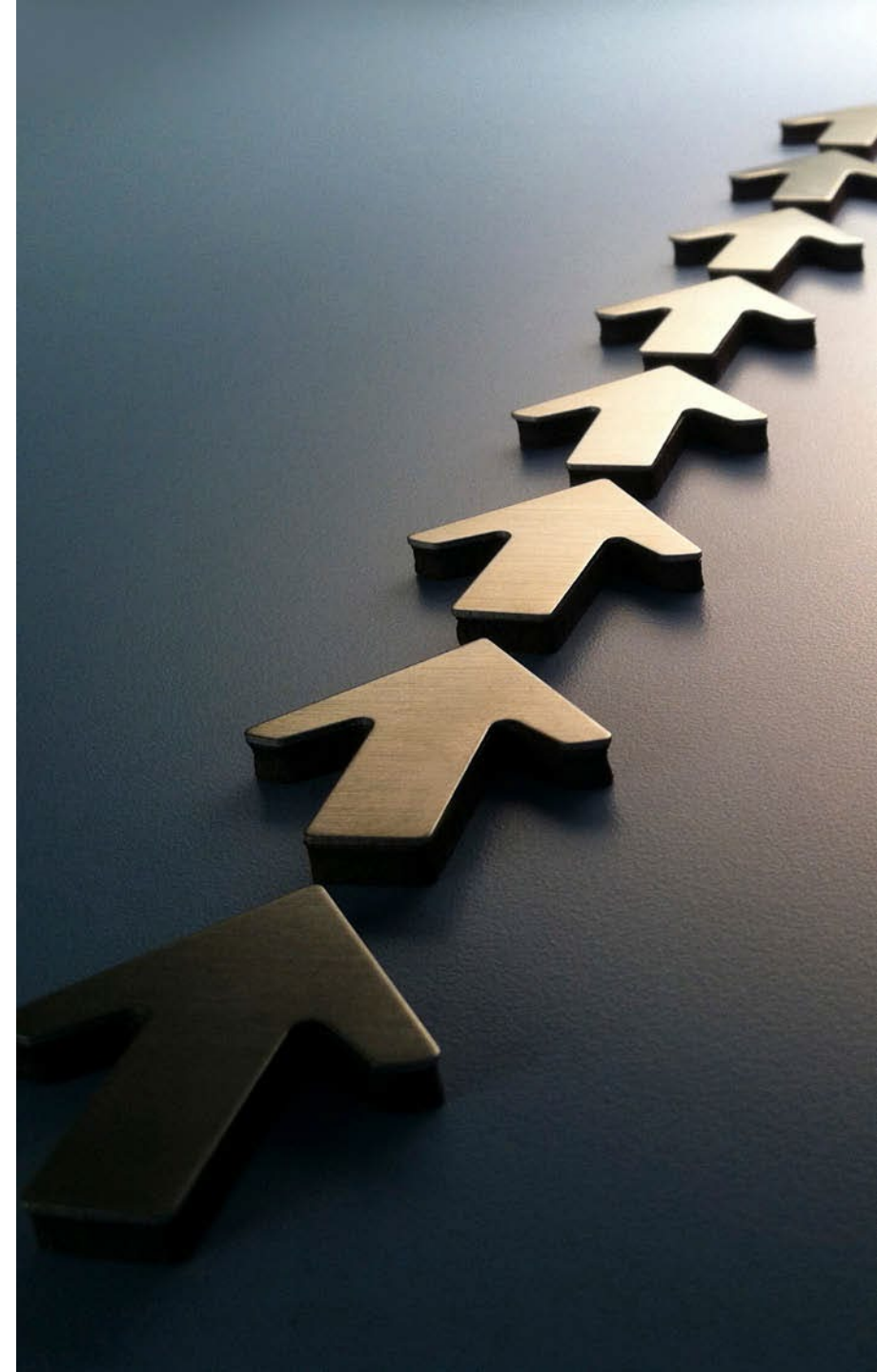
- Factors/variables for consideration
  - Locality
    - Headquarters
    - Other participants
  - Status of System Affiliation
  - Size of ACO
    - Do you want large?
    - Do you want small?



# ARE ALL ACO'S CREATED THE SAME?

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- Factors/variables for consideration
  - Who are the other participants?
  - What services are provided through participation?
  - What services are available above and beyond the normal contracting?
- How are savings shared?
  - Volume
  - Quality
  - Milestones
  - With aggregator





# FINANCIAL MODELS

# ORIGINAL MODELS

- Per assigned beneficiary per month
  - May or may not be caps
  - May or may not have scales
  - May have a base fee
  - Takes a cut on shared savings
- Heavy focus on training/best practices
- Access to data
  - Raw
  - Analytics



# NEWER MODELS

- Still see some per assigned beneficiary per month
- Large growth in low or no fee structures
  - Experienced aggregators
  - Take a larger cut of the shared savings
  - May provide protection from shared losses (with a larger cut of the shared shavings)
- Heavy focus on training/best practices
- May provide additional add-on services for a fee
- Access to data
  - Raw
  - Analytics



# COMPARING THE MODELS

- There is definitely some “you get what you pay for”
  - Anyone can compete on price
- How much risk are you willing to take?
- How much reward are you willing to give away?
- Any of these models can work or fail



# COMPARING THE MODELS – LOW RISK LOW REWARD

- Models with low or no fees with risk protection and higher sharing of savings to aggregator



# COMPARING THE MODELS – HIGHER RISK HIGHER REWARD

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- Models with per member or set guaranteed fees with no risk protection and lower sharing of savings to aggregator







# ASKING THE QUESTIONS

# QUESTIONS TO ASK AS YOU EXPLORE ACO ENGAGEMENT

- Due diligence must be performed prior to making a decision to join an ACO.
  - Reputation
  - Fit with the organization
  - Services/support provided
  - Total cost / reward assessment



# QUESTIONS TO ASK AS YOU EXPLORE ACO ENGAGEMENT

- Reputation
  - How many years has the ACO been in existence?
  - Has the ACO been experiencing growth or decline?
  - Has the ACO delivered shared savings to participants?
  - Request interviews with other current ACO participants.
  - Request interview with other former ACO participants



# QUESTIONS TO ASK AS YOU EXPLORE ACO ENGAGEMENT

- Fit with the organization
  - Culture trumps other factors
  - Can be a litmus test for many



# QUESTIONS TO ASK AS YOU EXPLORE ACO ENGAGEMENT

- Services/support provided
  - Some of the greatest benefits can be the services/support
  - Programming
  - Best practices
  - Online resources
  - Data access and data analytics
    - Must be more than a data dump
    - Data – information – knowledge – wisdom
  - What is included in pricing – what is extra?



# QUESTIONS TO ASK AS YOU EXPLORE ACO ENGAGEMENT

- Total cost / reward assessment
  - Need to “stack” them up
  - Actual hard costs + internal soft costs compared to risks and reward
  - Balance approach between opportunity and threat
  - No one answer fits all – current and past financial performance may push final decision.





**CLOSING**

# CLOSING COMMENTS

- The decision to join an ACO is difficult one.
- Choosing the right ACO for your organization may even be more difficult.
- Ultimately the best fit typically comes down to:
  - Reputation
  - Fit with the organization
  - Services/support provided
  - Total cost / reward assessment
- **Good Luck!**







# QUESTIONS?

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# THANK YOU!

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