



January 28, 2019

Wayne A. Smith
President & CEO

State Employee Benefits Committee (SEBC)
Attn: Faith Rentz, Director, Statewide Benefits Office
97 Commerce Way, Suite 201
Dover, Delaware 19904

Dear Members of the SEBC,

Here is an exciting graphic showing the power of value-based healthcare!

*Alfred I. duPont Hospital
for Children*
Roy Proujansky, MD,
Chief Executive of
Nemours Delaware
Valley Operations

Hospitals participating in Accountable Care Organizations (ACOs) **have saved millions of dollars** for patients and for Medicare while delivering high quality, coordinated care, as the attached document from the American Hospital Association illustrates.

Bayhealth
Terry Murphy,
President & CEO

Delaware hospitals are participating in a statewide Medicare ACO and seeing successful results. Delaware hospitals are leading the way on payment reform and in moving away from fee-for-service models. Payment reform will better ensure patient access to high quality health care, support a robust primary care system, and focus efforts on population health. The Delaware Healthcare Association (DHA) has been a strong advocate for reform and actively participated in Delaware's State Innovation Model ("SIM") initiative. SIM worked to advance our State's health care delivery system in developing new delivery and payment models focused on moving toward value-based care, improving care coordination for chronic disease, reducing variations in care, and accelerating structures such as ACOs to support risk-based payment models.

Beebe Healthcare
Jeffrey M. Fried
President & CEO

*Christiana Care Health
System*
Janice E. Nevin, M.D.
MPH
President & CEO

ACOs are an important step in the move toward value-based payment models, which is why all adult general acute care hospitals in Delaware are Medicare ACO participants. Delaware hospitals are also developing statewide Clinically Integrated Networks to assure the highest quality care. Delaware hospitals have committed to the goal of having 60% of patients under value-based contracts by 2021. Hospitals are making these commitments and we look forward to working with insurers and our state partners to accomplish this goal.

Nanticoke Health Services
Steven A. Rose, RN, MN
President & CEO

Saint Francis Healthcare
Daniel Sinnott
President & CEO

Payment reform requires substantial investment in data collection and assessment tools and other infrastructure. Nationally, hospitals invest approximately \$5 - \$12 million initially and \$6.3 - \$14.1 million annually in time and resources to establish and maintain ACOs. Importantly, hospital-affiliated ACOs are saving patients and Medicare millions of dollars -- \$174 million in net savings to Medicare in 2017 alone. The enclosed infographic summarizes important findings on health system investment and results in ACOs nationally.

*Delaware Healthcare
Association*
Wayne A. Smith
President & CEO

DHA hospitals work to deliver compassionate, accessible, high quality, financially sustainable health care to the patients and communities we serve. We will continue to update you on Delaware hospitals' move toward value-based payment models as we strive to create an excellent environment for enabling every Delawarean to be as healthy as they can be. We look forward to working with you in this effort!

Sincerely,

A handwritten signature in black ink that reads 'Wayne A. Smith'.

Wayne A. Smith

Hospitals Advancing Accountable Care

Hospitals and health systems invest significant time and resources into the provision of accountable care – and it shows. Accountable care organizations (ACOs) with hospital participation have saved millions of dollars for patients and for Medicare while delivering high quality, coordinated care.

Hospital-affiliated ACOs Have Made Significant Strides*



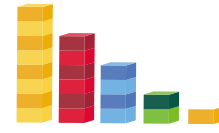
In 2017, hospitals participated in **297 of the 472** ACOs in the Medicare Shared Savings Program (MSSP).



Hospital-affiliated ACOs participating in the MSSP achieved approximately **\$174 million in net savings to Medicare**, out of \$313 million total net savings, in 2017.



Hospital-affiliated MSSP ACOs achieved a **quality score of 92.3%** in 2017.



Hospital-affiliated ACO spending was about **\$690 million** less than their 2017 benchmarks.

Hospitals and health systems invest substantial time and funds to establish and maintain ACOs, including through:

- ➔ Network development and management, such as creating and maintaining post-acute care (PAC) networks and relationships between hospitals and PAC providers;
- ➔ Robust care coordination, utilization management and quality improvement, including through use of health coaches, patient navigators and others;
- ➔ Clinical information systems, such as an interoperable EHR to link ACO providers, and other infrastructure investments;
- ➔ Data analysis and reporting systems to better understand care patterns; and many more.

Total investment (approx.):

- ➔ Start up: \$5 - \$12 million, depending on size
- ➔ Ongoing (annual): \$6.3 - \$14.1 million

Hospitals and health systems participate in ACOs in many ways:

- ✓ Initiate and lead an ACO with a physician group
- ✓ Participate in an ACO
- ✓ Contract with a physician group for health system services and resources without appearing on the physician group ACO's participant list
- ✓ Participate in another manner

To learn more, visit www.aha.org/accountable-care-organizations-acos



*Data provided by Leavitt Partners Insight, LLC; not for use or re-distribution without approval from the company.