



Insights into Developing Accountable Care Organizations: The Henry Ford Physician Network

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Accountable care organizations (ACOs)¹ are one of the most promising responses to healthcare reform. One of the best examples to date is the Henry Ford Physician Network (HFPN) in Michigan. Here's how much the new ACO has already achieved—and a hint of how far it has to go.

Doctors, hospitals, administrators, payers and regulators agree that the hard work of healthcare reform has only just begun.

That much is clear already in the experiences of the HFPN, an ACO set up as a subsidiary of the Henry Ford Health System in southeast Michigan. Chief executive Dr. John Popovich has lost count of the time spent on everything from development of the right metrics to establishing the right governance systems. "An incredible amount of work" and "an inordinate amount of time" is how he describes the efforts of just two of his senior executives to engage regional physician groups and develop the necessary base of clinical integration for the new network.

ACOs are becoming one of the best ways to realize the promise of healthcare reform. In a recent survey, 70 percent of hospital leaders think their institution could be part of an ACO inside five years.² Whether formally initiating an ACO or not, health systems increasingly see that continued pressure on reimbursement, coupled with rising labor, supply and pharmaceutical expenses make it imperative to push for cost effectiveness while improving the quality of care. Put simply, ACOs are a good way for providers to deliver more value to patients and payers.

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The HFPN, established in June 2010, offers valuable insights into the practicalities of developing and operating an ACO. It includes significant representation and participation by private practice and hospital-employed physicians, as well as the Henry Ford Medical Group. HFPN physicians can keep their current practice structures and business models while participating in an innovative physician-directed organization that will help to demonstrate quality and efficiency to payers, patients and employers.

To date, HFPN has had considerable success getting independent physicians excited and engaged, establishing the right metrics, gaining the recognition of the U.S. Federal Trade Commission, setting up collaborative work structures and processes and starting to create a shared culture that is centered on quality of care and cost containment.

The HFPN experience points to several cornerstones for ACO success:

- **Collaboration is king.** Although the Henry Ford Health System provides firm foundations, the Network's design, development and operation are absolutely dependent on the enthusiastic involvement of physicians—those employed by the Henry Ford system as well as independent physicians across southeast Michigan
- **Top management is wholly committed.** HFPN benefits from the wholehearted, unwavering commitment of a large team of the most senior Henry Ford executives—for example, Popovich—also the CEO of Henry Ford Hospital—and Bob Riney, COO of the Henry Ford Health System. "The first major success

is that we made a commitment to do this," said Riney. "We have been yearning for the right vehicle to give us the opportunity to drive something like this."

- **Relevant metrics are key.** Physician performance will be measured using a defined set of 104 measures, ensuring a minimum of five meaningful specialty-specific metrics for the first year. Quality measures will be applied across the network to all physicians in an effort to improve coordination of care, increase quality of care and decrease costs.
- **Good governance goes deep.** The HFPN is governed by a 15-member board of trustees with equal representation from independent physician groups and Henry Ford's own medical practitioners. Oversight and guidance in development of the programs comes from three committees—the Clinical Integration Committee and Informatics Work Group, the Provider Network Committee and the Finance Committee and Payer Relations Work Group. Again, each committee comprises balanced representation from independent and system physicians, and from primary care physicians and specialists.
- **IT really matters.** The HFPN recognizes that the right technology systems are essential to its effective operations. Base components of its clinical solutions include electronic medical record (EMR), electronic health record (EHR), patient registry, health information exchange (HIE), secure messaging, ePrescribing and clinical decision support systems, to name a few.

Although ACOs are in their beginning stages, the HFPN shows what is possible. The true test, of course, will be when the Network wins its first contract—expected later this year. With the striking successes achieved to date, there is every confidence that Henry Ford will continue to blaze trails that make a difference for patients and payers alike.

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Sources: ¹MedPAC has defined Accountable Care Organizations (ACOs) as a set of providers associated with a defined population of patients, accountable for the quality and cost of care delivered to that population.

²Shortell SM. Accountable Care Organizations. In: The Society for Healthcare Strategy and Market Development (editor) Futurescan 2010: healthcare trends and implications 2010-2015. Chicago (IL): American Hospital Association and Society for Healthcare Strategy and Market, 2010

