



## INTEGRATED HEALTHCARE STRATEGIES™

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# Boards and Physician Leaders Share Concern About ACO Journey

Presented by Integrated Healthcare Strategies  
as Authored by Jim Rice, Ph.D., FACHE

Leadership teams for hospital organizations of all sizes are building Accountable Care Organization (ACO) strategies into their strategic and financial plans for 2011-2015. Whether you believe you should transform your entire organization into an ACO, or just prepare for partnering with an ACO established by others in your region, boards and physician leaders recognize that the future of healthcare organizations will include ACO care management and closer physician to hospital alignment. However, the journey toward ACO engagement is uncertain and will require a practical roadmap.

Board and physician leaders will be nervous about how best to embrace the ACO concept, and how best to begin moving toward its development. With Federal government rules and guidelines still not published on ACOs, their concerns are warranted; but you need not sit back and wait for Federal regulations to begin shaping your ACO strategies. There is enough information known about ACO outcomes and factors for their success that you can begin moving ahead in certain aspects of ACO strategic and financial planning.

A key ingredient for your journey toward ACO engagement is a focus on “clinical integration.”

Dr. Dale Anderson is quoted in Trustee Magazine as saying, “The decision to become an ACO is not for the faint of heart... This transformation will require a passionate champion, a new approach to physician and insurer relations, and a long-term commitment to a new vision. It will require wide-reaching changes in governance, executive leadership, organizational design, and a multi-year investment in new systems and capabilities. It will require a degree of integration with physicians that few organizations have achieved to date.”<sup>ii</sup>

Your roadmap for your ACO Journey should include a comprehensive leadership education program.

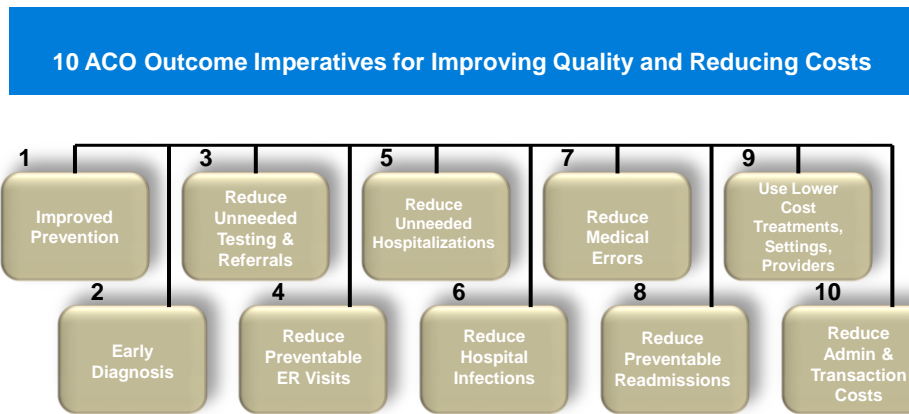
Early work on ACO strategies for clients done by our Executive Compensation and Governance practice illustrates the value of immediately developing and launching a board and physician leadership education program that addresses three central dimensions for ACO success:

1. Understanding the **top 10 outcomes** that ACOs will need to deliver, and an understanding about the degree of readiness within your board and medical staff to make the challenging decisions and investments needed to deliver these outcomes; (see Exhibit 1 below)
2. Understanding the scope and nature of investments needed to enhance your capabilities in **10 operational capabilities** of importance, especially those that facilitate meaningful physician engagement, ownership and commitment to the ACO's success; (See Exhibit 2 below); and
3. Understanding the **ACO organizational and governance design** most suited to your market and organizational realities; (See Exhibit 3 below).

Your education program should not be a one time initiative. It will need to be ongoing and involve both internal leaders from your organization in its faculty, but also external resource persons from other integrated care systems, local university faculty working in the arena of clinical care integration and physician alignment, consultants, and staff from some of the several ACO Learning Collaboratives (see for example, the AMGA ACO Learning Collaborative, or the Dartmouth-Brookings ACO Learning Collaboratives).

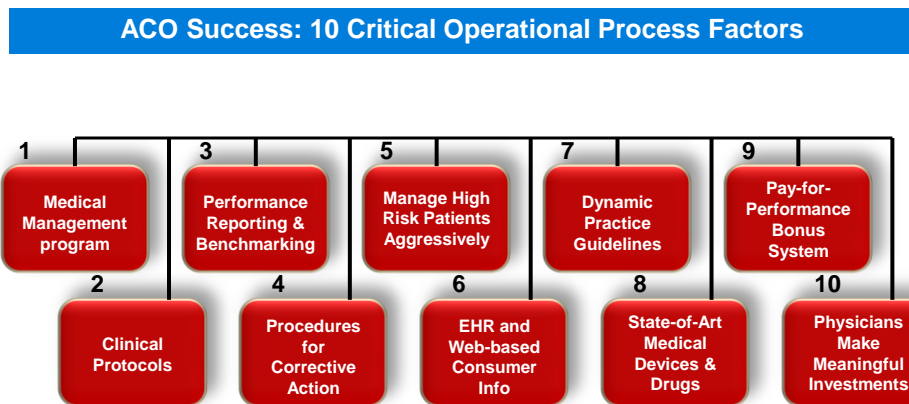
In all of your work to use leadership education as a means of forging your roadmap to guide your ACO journey, be serious and passionate about ensuring that trust building and transparency are woven into and around your efforts to engage and develop board and physician leaders as champions for sensible ACO development.

## Exhibit 1: Top 10 Outcomes for ACO Success



Source: How to create Accountable Care Organizations, September 2009, Harold Miller, [www.CHQPR.org](http://www.CHQPR.org)

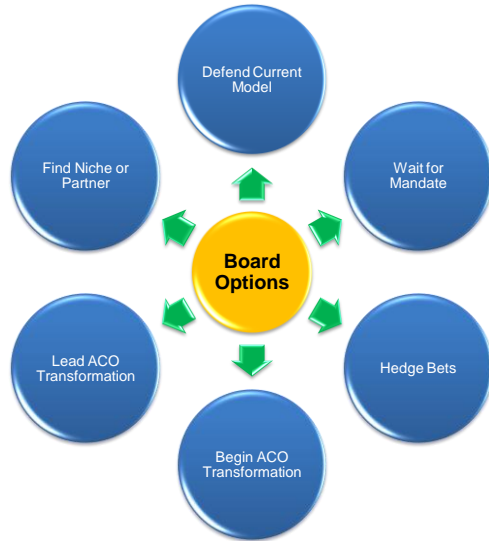
## Exhibit 2: Operational Capabilities for ACO Vitality



Source: The Health Lawyer, Volume 21, Number 6, August 2009, p. 3

### Exhibit 3: Key Board Choices on ACO Design

#### Strategic Board Choices to Pursue ACO Development:



<sup>i</sup> Dale Anderson, MD in “The ABCs of ACOs”, Trustee Magazine June 2010.

#### **About Integrated Healthcare Strategies**

*Integrated Healthcare Strategies provides not-for-profit healthcare organizations with direct access to a comprehensive array of healthcare-specific services, delivered by professionals from the industry who understand the rigors of running a healthcare organization – from the lunchroom to the Board Room.*

*Its client list is a “who’s who” of healthcare organizations including over 1200 major healthcare providers, 1,800 hospitals and 700 independent and affiliated medical groups. Integrated Healthcare Strategies specializes in the areas of physician strategy and compensation, employee compensation, executive compensation, human capital solutions, labor relations, leadership transition planning, executive search, employee surveys, performance management and board governance solutions.*

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**About the Author**

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The Executive Compensation and Governance practice provides valuable information, design and strategy for a variety of governance and leadership issues and challenges. These services include executive compensation program review and design, leadership continuity planning and development, governance model design development, board retreats to enhance effectiveness, CEO and executive performance development and appraisals, physician leader services and many other governance and compensation services.