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University of Michigan, IHA to participate as Medicare Pioneer Accountable Care Organization

New model designed to offer better care to beneficiaries through partnership with Medicare

Ann Arbor, Mich. — The University of Michigan Health System will participate in the Pioneer Accountable Care Organization (ACO) model, in partnership with IHA Health Services Corporation, an Ann Arbor, Mich.-based multi-specialty group practice.

The Pioneer ACO Model is a transformative new initiative sponsored by the Centers for Medicare & Medicaid Services (CMS) Innovation Center. U-M and IHA will work with CMS to provide Medicare beneficiaries with higher quality care, while reducing growth in Medicare expenditures through enhanced care coordination.

The Pioneer ACO Model is designed to encourage the development of ACOs, which are groups of doctors and other healthcare providers who work together to provide high quality care for their patients. U-M and IHA are among top health care organizations from around the country, which were chosen by CMS to test the effectiveness of several models of payment in helping organizations make a rapid transition to higher quality care at a lower cost to Medicare.

It is U-M's intention that the Pioneer ACO model will continue to build on its tremendous success in the Medicare Physician Group Practice Demonstration. In that five-year project, U-M's Faculty Group Practice saved Medicare more than \$22 million on the cost of care for patients. Of the ten groups that participated, U-M was one of only two that earned shared savings during all five years of the demonstration. And in the last year of the project, U-M scored a 98 percent grade on quality measures.

"We believe this model will help us build upon our experience in the other demonstration projects and allow us to continue to improve the quality and efficiency of care we provide our patients and their families," says Caroline Blaum, M.D., Professor of Internal Medicine and Geriatrics at U-M, who will serve as the Medical Director of the U-M/IHA Pioneer ACO.

U-M's Faculty Group Practice also currently is participating in a similar project known as the PGP Transition Demonstration. The Faculty Group Practice, part of the U-M Medical School, includes all of the nearly 1,600 U-M faculty physicians who care for patients at the three U-M hospitals and 40 U-M health centers. David Spahlinger, M.D., Senior Associate Dean for Clinical Affairs for U-M Medical School, leads the Faculty Group Practice.

Under the Pioneer ACO Model, CMS will provide incentives for participating health care providers who form an organization to coordinate care for patients. Providers

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who band together through this model will be required to meet quality standards based upon, among other measures, patient outcomes and care coordination among the provider team.

CMS will use robust quality measures and other criteria to reward ACOs for providing beneficiaries with a positive patient experience and better health outcomes, as well as for reducing growth in Medicare expenditures for the same patient population.

Unlike a managed care plan, Medicare beneficiaries will *not* be locked into a restricted panel of providers. The Pioneer ACO Model is not a health plan or managed care plan. Under the Pioneer ACO Model, beneficiaries seeing doctors participating in an ACO will maintain the ability to see any doctor or healthcare provider, as well as the full benefits associated with traditional Medicare.

“The ACO structure, and specifically the Pioneer model, offers us the opportunity to experiment with new models of care and the chance to earn shared savings. If we are successful at delivering high-quality care and reducing costs of that care for Medicare beneficiaries, we will share in the cost savings,” says Spahlinger.

IHA is one of the largest, fully integrated multi-specialty groups in southeast Michigan. IHA employs almost 1,000 employees including more than 175 doctors and 45 nurse practitioners across 32 practices in southeastern Michigan, providing care to more than 263,000 patients.

“We are eager to be a part of this innovative approach to providing high-quality care for our patients in a more efficient, cost-effective manner,” says Mary B. Durfee, M.D., IHA’s Executive Vice President and Chief Medical Officer, who will serve as IHA’s lead on this new initiative.

“We look forward to being a part of a national effort to improve care.”

Blaum adds that U-M has had longstanding partnerships with IHA and looks forward to a successful collaboration that will give both organizations a voice in how ACOs are developed over time.

For more information about U-M Health System: www.uofmhealth.org

[For more information about IHA: www.ihacares.com](http://www.ihacares.com)