Survey reveals hospital executives reluctant to implement ACO models

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Only 20 percent of executives have implemented an ACO-like model at their hospital

WEST LAFAYETTE, Ind. (December 11, 2013) - According to a recent survey conducted by Purdue Healthcare Advisors, a non-profit health-care consulting organization, 46 percent of hospital executives have no plans to implement an Accountable Care Organization (ACO)-like model in the near future.

ACOs are groups of doctors, hospitals and other health-care providers, that come together voluntarily to give coordinated high-quality care to Medicare patients. Rewards come to the ACO when it saves money for the Medicare Program by delivering high-quality care and when it spends health-care dollars more wisely by avoiding unnecessary duplication of services and preventing medical errors.

The survey underscores the challenges hospitals are facing as well as the strategies they intend to implement in 2014 to comply with the changes brought on by the Affordable Care Act. Conducted in October 2013 among 206 hospital executives at a director level and above, the survey also reveals that executives are struggling with finding solutions for lower reimbursements and increased costs, while still maintaining an acceptable level of quality care.

"This survey has identified a significant need for advocacy and education to support hospitals and help them survive the wave of changes brought on by the Affordable Care Act," said Mary Anne Sloan, director of Purdue Healthcare Advisors. "Hospital
executives are charged with enhancing patient care and managing margins with a shrinking workforce and diminishing patient volumes."

**Hospital executives find ACOs to be unstable and financially risky**

Executives are waiting for ACO models that are more stable and mature to avoid having to reinvest funds to implement changes or updates, according to the survey. The executives who do not have plans to implement an ACO model in the future (46 percent) cited the following reasons:

- More than half (52 percent) feel there are too many unknowns and want to see stronger evidence and a consistency of successful models
- Almost half (49 percent) feel their hospital is too small for an ACO-like model
- 26 percent cite that the financial investment outweighs the potential incentives or bonuses at this time
- 13 percent feel the performance benchmarks are not realistic for their hospital
- 4 percent are concerned that the transition would overwhelm staff

**Financial concerns weigh heavily among hospital executives**

Cost pressures for hospitals continue to mount due to diminishing patient volume, decreased reimbursement rates and the many unknowns associated with the Affordable Care Act. The survey found that 89 percent of executives are concerned with their hospital’s ability to address cost pressures. Strategies being implemented by executives to reduce costs include:

- More than half (60 percent) are focused on reducing waste and inefficiencies
- 19 percent are considering staff and salary reductions
- 15 percent are working to improve quality of care

**Electronic Health Records (EHRs) drive a higher need for support**

Almost all (95 percent) respondents surveyed are implementing Electronic Health Records (EHRs). Specifically, 49 percent are in the process of completing, or have completed, Stage 2 Meaningful Use; 41 percent are in the process of completing, or have completed, Stage 1 Meaningful Use, and 5 percent are migrating to a new EHR. The top concerns among hospital executives as it relates to EHRs include:

- Interoperability with other providers (56 percent)
• Data retrieval and analytics (50 percent)
• Ongoing staff readiness and training (49 percent)
• Infrastructure and technology (49 percent)
• Patient engagement (37 percent)
• Vulnerability to data/security breaches (35 percent)
• Vendor partnership and engagement (31 percent)
• Disaster recovery planning (30 percent)
• Long-term preservation of the records (18 percent)

The biggest challenges facing hospital executives as they relate to EHR implementation include:

• Physician adoption and usage (68 percent)
• Financial (45 percent)
• Employee training and readiness (39 percent)
• Technology (28 percent)
• Meaningful Use qualification (22 percent)
• Vendor engagement and partnership (21 percent)
• Patient engagement (21 percent)

After working primarily in the state of Indiana since 2005, Purdue Healthcare Advisors (PHA) has expanded consulting services to four additional states: Kentucky, Ohio, Illinois and Michigan. PHA will work with hospitals and health-care providers of all sizes in the four new markets, providing services in Healthcare IT (security and EHR adoption), Lean Six Sigma, and Public and Population Health. To date, PHA has worked with more than 90 hospitals; trained more than 3,000 health-care workers; partnered on projects with nearly 100 health departments; and assisted more than 3,000 physicians with EHR Meaningful Use compliance.

"Results from this study have reassured us that our services are greatly needed in markets beyond Indiana," said Randy Hountz, director of PHA's Purdue Regional Extension Center. "As we expand into new markets, and as health-care reform continues to bring about new changes, we look forward to sharing our vast experience, knowledge and pattern of success with organizations that are in need of advocacy, guidance and performance improvement."
The survey was conducted online within the United States by Resolution Research on behalf of Purdue Healthcare Advisors among 206 hospital executives - director level or above - from October 24, 2013, to October 30, 2013. This survey has a sampling error of plus or minus 6.8 percentage points with a 95 percent confidence interval. For complete survey methodology, contact Kristi Betz, IMRE, 410-821-8220 or KristiB@imre.com.

About Purdue Healthcare Advisors
Purdue Healthcare Advisors (PHA) is a not-for-profit health-care consulting resource created in 2005 by the Purdue University Technical Assistance Program with a mission to improve health-care quality, safety and efficiency by applying the principles of engineering, management and science. PHA is focused on helping clients improve patient care, manage margins and facilitate compliance with government regulations as well as through accreditation. PHA offers consulting, coaching and training services to hospitals and health systems, physicians, and health-care professionals in all capacities.