DISCLAIMER

“The content of this presentation is offered for informational purposes only as an overview of current healthcare reform issues.

It is offered in good faith and believed to be accurate, based on the information we have available today, but the Affordable Care Act and its implementing regulations are complex, subject to differing interpretations, and may be changed in the future.

The information, views and opinions in the presentation and accompanying materials are offered without warranty of any kind, and should not be construed as legal advice or direction.

Consult your business and legal advisors for specific advice on how the ACA applies to and could impact your particular business or practice.”
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Accountable Care Organization

ACOs in Action

ACO and Optometry
What is an ACO?

“Accountable Care Organizations (ACOs) are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care…”

- get the right care
- at the right time
- in the right place

Over 500 ACOs are in existence in 2014!

Source: 1 http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ACO/
ACOs Assume Responsibility for All Care During the Year

- Expanded payment bundle to account for expected cost of care for the patients within an ACO.
- Incentives to manage patients’ health, especially those with chronic diseases, to avoid complications and hospitalizations.
- Similar incentives as bundled payments regarding hospitals and surgeons.
- This model may turn out to be too risky for many small and/or independent providers.

Various Payment Models, Ideally Capitated per Patient

- Patient
- Physician
- Hospital
- Pharmacist
- Specialist

SOURCE: Adapted from Johnson and Johnson Government Affairs Department, February 7, 2014
Who Can Form an ACO?

Professionals (i.e., physicians and hospitals meeting the statutory definition) in group practice arrangements,

• Networks of individual practices of ACO professionals,

• Partnerships or joint ventures arrangements between hospitals and ACO professionals, or

• Hospitals employing ACO professionals, and

• Other Medicare providers and suppliers as determined by the Secretary.

Source:  HHS News: US Department of Health & Human Services; HHS Fact Sheet; Accountable Care Organizations: Improving Care Coordination for People with Medicare; March 31, 2011, p. 2.
Centers for Medicare & Medicaid Services (CMS)
ACO Programs

Medicare Shared Savings Program (MSSP)
Advance Payment ACO Model
Pioneer ACO Model
ACO: Accelerated Development Learning Sessions

Source: http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ACO/
Medicare Shared Savings Program ACOs: Preliminary Results

- One-half of the first-year ACOs (54 of the 114) had spending lower than projected.
- 29 of the 114 first-year cohort Shared Savings ACOs earned shared savings of $126 million.
- Preliminary analysis of the Pioneer ACOs shows $147 million in savings during the first year,
- 9 of the 23 Pioneer ACOs had significantly lower expenditures relative to their baseline

Geographic Distribution of Medicare ACO Assignees
(3.2 million total assignees in all programs)

MSSP and Pioneer ACO Counts by County (counties with more than 1 percent of an ACO’s assignees)

Source:
http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/Downloads/PioneersMSSPCombinedFastFacts.pdf
Private-Payer Led ACOs

- United Healthcare ®
- Humana ®
- Cigna ®
Total Number of Public and Private Sector ACOs in the United States

Source: David Muhlestein, Health Affairs blog
Total ACOs by Sponsoring Entity

Source: David Muhlestein, Health Affairs blog
Estimated Accountable Care Lives in the U.S.

Source: David Muhlestein, Health Affairs blog
# 15 Largest ACOs in US today

<table>
<thead>
<tr>
<th>ACO Name</th>
<th>Location</th>
<th>Year Formed</th>
<th>Number of Enrollees</th>
<th>Cumulative Number of Enrollees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Advocate Partners</td>
<td>Downers Grove, IL</td>
<td>1995</td>
<td>553,000</td>
<td>553,000</td>
</tr>
<tr>
<td>2. Partners HealthCare</td>
<td>Boston, MA</td>
<td>2011</td>
<td>550,000</td>
<td>1,103,000</td>
</tr>
<tr>
<td>3. Allina Health</td>
<td>Minneapolis, MN</td>
<td>2010</td>
<td>331,388</td>
<td>1,434,388</td>
</tr>
<tr>
<td>4. UnityPoint Health</td>
<td>West Des Moines, IA</td>
<td>2011</td>
<td>266,490</td>
<td>1,700,878</td>
</tr>
<tr>
<td>5. Banner Health Network</td>
<td>Phoenix, AZ</td>
<td>2011</td>
<td>240,000</td>
<td>1,940,878</td>
</tr>
<tr>
<td>6. OSF HealthCare System</td>
<td>Peoria, IL</td>
<td>2011</td>
<td>110,000</td>
<td>2,050,878</td>
</tr>
<tr>
<td>7. UW Health ACO</td>
<td>Madison, WI</td>
<td>2012</td>
<td>109,000</td>
<td>2,159,878</td>
</tr>
<tr>
<td>8. Heritage California ACO</td>
<td>Northridge, CA</td>
<td>2011</td>
<td>92,500</td>
<td>2,252,378</td>
</tr>
<tr>
<td>9. Physician Organization of Michigan ACO</td>
<td>Ann Arbor, MI</td>
<td>2012</td>
<td>83,200</td>
<td>2,335,578</td>
</tr>
<tr>
<td>10. AHS ACO</td>
<td>Morristown, NJ</td>
<td>2010</td>
<td>81,000</td>
<td>2,416,578</td>
</tr>
<tr>
<td>11. Triad HealthCare Network</td>
<td>Greensboro, NC</td>
<td>2011</td>
<td>63,800</td>
<td>2,480,378</td>
</tr>
<tr>
<td>12. Baylor Quality Alliance</td>
<td>Dallas, TX</td>
<td>2011</td>
<td>44,000</td>
<td>2,524,378</td>
</tr>
<tr>
<td>13. Plus (North Texas ACO)</td>
<td>Fort Worth, TX</td>
<td>2012</td>
<td>41,000</td>
<td>2,565,378</td>
</tr>
<tr>
<td>14. NewHealth Collaborative</td>
<td>Akron, OH</td>
<td>2010</td>
<td>40,000</td>
<td>2,605,378</td>
</tr>
<tr>
<td>15. Accountable Care Network of Texas</td>
<td>Temple, TX</td>
<td>2013</td>
<td>37,500</td>
<td>2,642,878</td>
</tr>
</tbody>
</table>

American Optometric Association
ACO General Philosophy

Advocate for Optometry being part of ACO

- Eye Care Needs of the Patient
- Accountable for Quality and Costs of Eye Care

Immediate Impact on ACOs have been a struggle as eye care does not have an immediate savings impact, and therefore, ACO leadership in developing the required measurements did not put any quality measures into the reporting requirements.

Eye Care represents only 1 to 2 percent of the healthcare spend so it is way down on the list.

ACOs Must Knows for Optometry

“The AOA has long advocated for optometrists to be part of ACOs. Congress agreed and made ACOs accountable for all care covered for patients under Medicare Part A and B, including eye care. In the regulatory process, the CMS confirmed any individual or entity—including optometrists, opticians, ophthalmologists and surgery centers—may join ACOs.”

✓ ACOs are looked upon as the specialist and primary care owners of quality and costs
✓ ACOs are local
✓ Work with local physicians to determine how to develop the ACO model
✓ ACO model is an alternative payment model
✓ The financial beneficiary is the hospitals and physicians
✓ The patient must feel as though they are getting quality care for their saved dollars

Optometry ACO examples

Fletcher Allen Health Care and Dartmouth-Hitchcock Health created OneCare Vermont—
Optometrists are well represented in the ACO provider network
• Absolute Eye Care, PLLC
• Eye Care Associates, PC
• Eye Vermont
• Eyecare of Vermont, PLC
• Irish Eyes
• Middlebury Eye Associates, Inc.
• Northern Valley Eyecare, Inc.
• Vermont Family Eye Care, Inc.

JSA Medical Group (Pioneer ACO) – (FL)
• Eye Associates of Pinellas

Geisinger Health Systems and Partners Primary Care ACOs (NJ)
• Shore Family Eyecare in Manasquan, NJ

Mercy Clinic – Springfield, (MO)

Source: Vision Monday, A.C.O. Where Do I Fit In? What You Need to Know About Accountable Care Organizations; March 3, 2014, pp. 35-43
Healthcare Reform Update

Optometric Profession Impact

Optometry Practice Owner Impact
Essential Health Benefits

Includes at least the following general categories:

Health Insurance Marketplaces

Updated: 03 FEB 2014

Health Insurance Marketplaces – Pediatric Vision Benefits

Marketplace Enrollment - Update

Newly Insured Enrollment in State and Federal Marketplace

- 7.1 M enrolled as of 3/31/2014

Enrollment Dashboard

- Low Enrollment 4.2 M
- > Age 18 to 34 by 16%
- 6 % Pediatric
- Difficult e-Enrollment

New Payment Models

• Allowances – Traditional vision insured
• Formularies – Additional Medically Insured
• Government Subsidized; Commercially Insured
  – (Healthcare reform lives)
• Pay for Performance

Sources: JJVCI data on file; 2013
And then there were many

Traditional Vision Insurers
VSP®
EyeMed®
Davis Vision, Inc.
Spectera®

Qualified Health Plans Vision Plans
Aetna®
Wellpoint®
Cigna®
United Healthcare®
Humana®

A Total of 277 Qualified Health Plans in 2014

Source: Decision Resources, Inc.; www.kai.jnj.com database
Vision Benefit Example

What we know:

✓ Pediatric Vision Benefits are following closely to the *Federal Dental and Vision Insurance Program* (Blue Cross® Blue Shield® High Option) {FEDVIP} benefit design

✓ Are based on number of months of therapy for contact lenses:
  ✓ Example: Comprehensive Eye Exam
  ✓ Example: Contact Lens Fitting Fee
  ✓ Example: Contact Lenses
  
or
  ✓ Example: 1 Pair of Glasses – Complete with Frame and Lenses

*Sources: Multiple Qualified Health Plans – Key Accounts – Johnson & Johnson Vision Care, Inc., 2014*