Our American health care system and the myriad proposals floating around to increase efficiency, decrease costs and improve outcomes are complicated enough without all the alphabet soup that is too frequently used. ACA, PPACA, MCO, ARNP, ACO, PCP, PMPM …. you have probably seen them all, and many more, if you do much reading in the health policy field.

Yesterday the NY Times published an article about an effort by a hospital outside of Chicago and its associated physicians to reduce hospitalizations, and consequently reduce costs. They have been successful! The NY Times explains how without any policy wonk language.

The idea is really pretty simple. Doctors and hospitals receive financial rewards for cutting costs. At the same time, an accountability system monitors measures of health care quality to prevent cost-cutting merely by restricting care. There aren’t rules from a central source – in this case the insurance provider – but instead the health care providers devise ways to keep people healthier and save money at the same time. It means more preventive care, more communication with patients, and less defensive testing.

The doctors and hospital make-up what is called an ACO, an accountable care organization. ACOs are a big part of the health care reform in Oregon that many are watching. ACOs are written into the Obama health care reform law. But what exactly an ACO is and what it does, and how it is different, is a bit of a mystery to many.

Read Annie Lowery's article in NY Times yesterday. You will get it, I promise.

The bottom line is that hospital admissions are down – by 6 percent. Days spent in the hospital are down by 9 percent. Average length of hospital stays is down. Overall costs are down about 2 percent from projected costs. All these saving may seem small – but remember that health care spending in the U.S. is approaching $3 trillion a year. A little here and a little there adds up.

But the savings don’t come easy. Physicians and the hospitals worry about their incomes over the long run. Patients who don’t like the lean approach can go to other providers.

Resource:


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