The care transformation alphabet: What's the difference between CI, ACO and PCMH?

As hospitals develop strategies around clinical care redesign and health care reform, one question that often comes up is: "How does clinical integration (CI) relate to the patient-centered medical home (PCMH) and the accountable care organization (ACO)?"

While unquestionably linked, each of these concepts has its own unique definition and purpose. This article explores this question further, defining CI, PCMH and ACO as standalone concepts and examining how the three are connected.

Defining our terms

To start, let's put forth a working definition for each of these three concepts.

Patient-centered medical home (PCMH):
At the broadest level, the PCMH is a redesigned approach to primary care that views a strengthened, long-term relationship between patient and primary-care team as central to better care. Several definitions of PCMH exist, but research identifies six fundamental elements that define a primary care practice as operating as a medical home:

- A care team that extends beyond the primary care physician (PCP)
- Disease registry utilization
- Comprehensive-care delivery that involves necessary preventive care and chronic disease management
- Active patient engagement
- Improved patient access
- Cross-continuum care coordination

Five Steps to Build the Advanced Medical Home

Clinical integration (CI): A CI program involves a network of otherwise independent physicians who collectively commit to quality and cost improvement. To support these efforts, physicians in the CI network may – under a "safe harbor" from antitrust law – negotiate collectively for commercial payer contracts, with joint contracting seen as "reasonably necessary" to support investment (of both time and resources) in performance improvement and ensure cross-referrals among participating providers.

CI networks are generally multispecialty in nature and involve several standard components, including:

- A set of clinical and administrative metrics defining the network's performance improvement goals
- Membership selectively limited to those physicians able to advance those goals
- A system to monitor physician performance against those goals
- A physician-led governance structure to oversee program operations, supported by administrative staff
- An IT infrastructure to identify improvement opportunities and facilitate exchange of patient information between participants
- Performance-based payment incentives to motivate physician achievement of goals
- Joint contracting with commercial payers/employers for physician services

Accountable care organization (ACO):
The Centers for Medicare and Medicaid Services (CMS) maintains a specific definition and rules for ACOs participating in its Medicare Shared Savings Program (MSSP). But broadly speaking, an ACO is a group

of providers – potentially including physicians, hospitals, post-acute providers and others – who are collectively responsible for the care outcomes of a patient population. ACOs enter into contracts that reward them for improving quality and lowering total costs for patients over time.

Several strategies are imperative for successful ACO implementation, including:

- An aligned physician network with physicians integrated either through CI or extensive employment
- An IT infrastructure that facilitates exchange of patient information and identification of care improvement opportunities
- An optimal capacity strategy, including a streamlined acute care enterprise and a comprehensive ambulatory network
- Transformed clinical operations, including standardized care pathways, emphasis on primary care, smooth care transitions, and patient activation
- Partnerships with payers willing to collectively reward all participants for better population management (e.g., payment bundles, shared savings, global risk)

Putting it all together

With these definitions in hand, we can start to see how PCMH, CI and ACO relate conceptually. In the most general terms:

- PCMH focuses on care improvement for primary care services
- CI focuses on care improvement for physician practices across specialty types
- ACO focuses on care improvement for an entire patient population across the continuum

Each model has its own goals, but those goals are interrelated, and the three models taken together can complement each other. CI can serve as the physician platform for building an ACO, providing the legal framework needed to align a large group of independent physicians around goals for standardization, coordination, efficiency, etc.

On the other side of the equation, many CI programs also support PCMH conversion as part of the performance improvement efforts for their participating PCPs. The CI program can help fund this transition through its jointly negotiated contracts.

And the ACO/PCMH relationship is highly dependent in that ACOs will find it very hard to successfully execute on population management without implementing the type of care management and coordination that medical homes support.

That said, it's also worth noting that these entities can exist independent of one another as well. For example, CI is not the only option available for building an aligned physician platform within an ACO. In some markets, extensive employment of physicians is an equally (some would say more) effective approach to integration.

Likewise, it is technically possible for a CI program to function outside the accountable care environment as well, delivering adequate efficiencies to pass antitrust scrutiny for collective negotiation on traditional fee-for-service contracts. Indeed, many older CI networks did exactly this, focusing primarily on basic quality and efficiency improvement without taking on the full spectrum of care coordination and population health management functions needed to succeed under greater reimbursement risk.

That said, given the high cost of network startup and the current reimbursement environment, the vast majority of (if not all) CI networks that we see today are actively working to take on population risk – to become, in other words, the physician network arm of an ACO.

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