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ACO INSIDER: AN RX FOR RISING HEALTH SPENDING

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With the looming federal "sequestration" threatening drastic spending cuts, our nation's leaders are finally confronting the main drivers of our deficit dilemma: government "entitlement" programs such as Social Security, Medicare, and Medicaid.

Meanwhile, there is broad consensus that many of our runaway health care costs are avoidable. Our current fee-for-service health care payment system rewards higher-intensity care in greater volume, with no consequence for lack of coordination. It is a significant reason that our health care system is fragmented, inefficient, and too costly.

Federal government receipts total approximately 19% of our nation's gross domestic product. Yet if our health care spending trends remain unchecked, by 2035 Medicare and Medicaid alone are predicted to consume 13% of GDP. By 2080, Medicare and Medicaid will consume all federal taxes, while total public and private health spending will claim almost 50% of GDP. We will have to borrow to pay for the rest of the federal government's obligations: defense, education, transportation, etc.

As of 2012, our nation is already \$16 trillion in the hole and counting. Sticking with the status quo would be a disastrous choice. However, if medical providers work together and accept new payment incentives that reward value instead of volume, we can help fix America's broken health care system.

That cannot be done remotely in Washington. It requires health care providers in each community cooperating to increase health care quality and cut cumulative costs. Quality, savings, and patient satisfaction all must be achieved for providers to receive incentive payments under the new health care payment model, called "value-based reimbursement."

There is plenty of waste to be found and eliminated. Last summer, the Institute of Medicine concluded that America wastes about 30% of its health care spending – some \$750 billion a year – on unneeded care, excessive paperwork, fraud, and other inefficiencies.

With basic health care becoming unaffordable for many ordinary working families and individuals, that amount of waste is unacceptable.

Although no one can hope to eradicate it overnight, it's time somebody did something about it. America is asking physicians to step up and form teams, teams such as accountable care organizations.

By doing so, you can help ensure access, improve patient care, promote efficiency, stretch health care dollars, and make patients more of a partner in their treatment. ACOs typically receive 50% of the savings they create, which should be considered compensation to you for professional services.

As healers with a calling to serve, you have an opportunity to do your part to enhance patient care while helping to improve our nation's fiscal health. Besides empowering, and paying, physicians to regain control of the physician/patient relationship, your patients, your profession, and your nation need you.

*This article appears courtesy of **Internal Medicine News**. Bo Bobbitt is the author of Internal Medicine News "ACO Insider" column.*

*Bo has many years of experience assisting physicians form integrated delivery systems. He has spoken and written nationally to primary care physicians on the strategies and practicalities of forming or joining ACOs. This article is meant to be educational and does not constitute legal advice. For additional information, please contact **Bo Bobbitt**.*

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