Aetna Accountable Care Organizations Proving That Improved Quality, Lower Costs Are Possible

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-- Aetna is building on Medicare Advantage ACO model success --

HARTFORD, Conn.--(BUSINESS WIRE)-- Three years ago Aetna (NYSE:AET) began working with doctor groups, specialists and health care facilities to create a more personalized, connected and accountable way to provide health care. Today, Aetna's early accountable care organization (ACO) model is improving health care quality and lowering the cost of care.

Beginning in 2012, government incentives will give health plans, doctors and hospitals more reason to work together in a closer, more coordinated way. Aetna began testing the ACO model in 2007 among doctors who cared for approximately 20,000 Aetna Medicare Advantage members. The model combines:

- Personalized care management and support
- Advanced technology that connects doctors with up-to-date patient information and current medical evidence
- Financial arrangements that encourage doctors to share in the improvement of patients' health and reflects additional time and resources needed to care for patients with chronic conditions

The Commonwealth Fund described one effort involved in this model, the use of embedded case managers, in a recent case study (Sept. 2010). Aetna's data on the model suggest that it has decreased duplicate or unnecessary services and improved health outcomes. For example, compared to unmanaged Medicare, the Medicare Advantage members required 43 percent less acute (critical) hospital care in 2010.

"Many ACO and medical home models are in the testing phase. Aetna is three years ahead of the curve. We have proven results that show coordinated care leads to better outcomes," says Randy Krakauer, M.D., Aetna's national Medicare medical director.

ACO benefits are a reality at Aetna

Aetna extended the team of people who assist Aetna's Medicare Advantage members. Aetna nurse case managers worked with doctors in 36 primary care practices, coordinating care to help members monitor and manage their health conditions. They also helped members and doctors usepersonal health records as a communications and tracking tool. ActiveHealth's CareEngine® System identified and alerted the care team to actionable gaps in a patient's care.

Aetna then helped pair the doctor groups with specialists, hospitals and community social services such as state departments on Aging for in-home services, home-delivered meals, caregiver support and respite care, and other community services.

Aetna's data show that nearly all of the medical groups participating in the Medicare Advantage program met their performance targets. These targets included follow-up office visits with members within 30 days of leaving the hospital and two office visits per year with members with certain chronic conditions. Participating doctors reported that the program saved time for them and their office staff.

Aligning incentives and shared accountability

An investment is required for the success of this model, and Aetna was willing to invest, Krakauer says. "Physicians and facilities earned additional payments for meeting certain quality measures that helped patients stay healthier so they can avoid more extensive care," he says. "These investments helped connect resources and balance accountability of the patient's health throughout the system."

One participating doctor, Thomas Claffey, M.D., is a medical director of NovaHealth, an independent practice association based in Portland, Maine. The practice has had Aetna case managers working with its multispecialty group practice since January 2008.

"Our work with Aetna on this model has shown how a provider organization and a health plan can have aligned incentives to improve health care delivery, make patients healthier and create value for the health care system," Claffey said.

Aetna expanding on early ACO success

Many of the doctors involved in Aetna's Medicare Advantage models are expanding their programs, such as adding weekend hours or creating condition-specific outreach. Aetna also is actively working with a number of physician groups, hospitals and integrated delivery systems nationwide to create a range of ACO models, including those for commercial medical plans.

Aetna and its ActiveHealth Management subsidiary offer many capabilities that can help create an ACO. "We can help a medical group with data management and case management, areas in which we have expertise and a track record. We do this now with several medical groups across the country," Krakauer says. "We are already making a difference in the quality and cost of health care for thousands of our members with our accountable care solutions, and we continue to expand our offerings."

About Aetna

Aetna is one of the nation's leading diversified health care benefits companies, serving approximately 35.4 million people with information and resources to help them make better

informed decisions about their health care. Aetna offers a broad range of traditional and consumer-directed health insurance products and related services, including medical, pharmacy, dental, behavioral health, group life and disability plans, and medical management capabilities and health care management services for Medicaid plans. Our customers include employer groups, individuals, college students, part-time and hourly workers, health plans, governmental units, government-sponsored plans, labor groups and expatriates. For more information, see www.aetna.com. To learn more about Aetna's innovative online tools, visit www.aetnatools.com.