

# Driving Provider Alignment in Value-Based Care

## How the Integrated Healthcare Association leverages the ACG® System for their AMP program

The Integrated Healthcare Association (IHA) is a non-profit organization that focuses on improving healthcare quality, cost-efficiency, and patient outcomes across the healthcare industry. They created the **Align. Measure. Perform. (AMP) program** to identify and reward top performing providers, using standard measures for everyone, allowing the creation of transparent and reliable performance benchmarks. Their performance measurement and improvement initiative is aimed at enhancing the quality of healthcare delivery in California through a standard incentive design, public reporting, and public recognition awards for top performers.

The AMP program involves **Aligning** common goals and metrics for health plans and providers to ensure all parties are working towards shared objectives, **Measuring** performance to assess and track the quality of care and **Performing** improvement by incentivizing providers to perform at higher levels of quality and efficiency. Health plans that participate in the AMP Commercial HMO and Medi-Cal Managed Care programs can use the recommended incentive payment design to reward high-performing providers.

### BUSINESS CHALLENGES

#### Finding a comprehensive solution to address total cost of care

IHA recognized that rising healthcare costs remains a persistent and fundamental challenge. As a mitigation tool, they decided to incorporate total cost of care (TCOC) to enhance the broader AMP program. IHA measures both the financial cost of care and the resources used in delivering care. By analyzing these two factors together, it provides actionable insights that can help manage and reduce healthcare costs at the system, line of business, or population level.

To be successful, IHA needed a risk adjustment solution that would address critical components:

- Differences in patient health status must be accounted for. The common justification of “our patients are sicker” often serves as an explanation for high costs or utilization, which must be factored into any analysis.
- Geographic adjustments are necessary, as costs vary by region. A one-size-fits-all approach is not suitable for a statewide program.
- Both health plans and providers must agree upon and endorse the risk methodology. Securing consensus and buy-in from all stakeholders is fundamental to the success of the AMP program.

- **“The ability to adjust for differences in patient health and complexity is what made TCOC actionable. The ACG System helped establish trust in the results—and that trust enabled us to drive meaningful accountability through publicly reporting and rewarding high-value care.”**

**DOLORES YANAGIHARA, MPH, GENERAL MANAGER, AMP**

## THE SOLUTION

### Solving challenges using the Johns Hopkins ACG® System.

IHA chose the ACG System to assist with the total cost of care component for their AMP program due to the risk adjustment feature.

By categorizing patients into clinically homogeneous groups, The system allows risk adjustment of cost data, accounting for patients' health status and medical complexity.

The ACG System also includes other features:

- Cost Predictability: more accurately predicting future healthcare costs.
- Population Health Management: understanding which patients are at higher risk for increased healthcare utilization and costs.
- Performance Evaluation: providing insight by comparing the actual costs of care with predicted costs and evaluating their performance in controlling costs and delivering efficient, high-quality care.

### BENEFITS OF USING THE ACG SYSTEM FOR RISK ADJUSTMENT



**Substantive impact** Applying the ACG risk scores made a substantive impact on results.



**Eliminated variance** Results showed a lot of variation in the TCOC, but with ACG risk adjustment, the variation due to differences in the patient populations is eliminated.



**Non-biased approach** By normalizing the results, the solution allowed AMP program participants to take a non-biased approach to implementing changes to business.

The Johns Hopkins ACG System is used by organizations leveraging the TCOC analysis to improve the understanding of healthcare costs and resource utilization across diverse populations. The system is designed to adjust for differences in patient health status and clinical complexity, providing a more accurate picture of care costs by risk-adjusting for varying health conditions.

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