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Fourth Annual Medicaid ACO Conference

October 9, 2015

Remarks by Joan Randell

I would like to thank the New Jersey Health Care Quality Institute for organizing this Fourth Annual Medicaid ACO Conference and all those who took the time to participate today.

As this morning’s introduction by Linda Schwimmer, the remarks by Jeff Brenner, and the next panel discussion will demonstrate, New Jersey is fortunate to have incredibly talented people working to advance Medicaid ACOs and ACO look-alikes. An ACO look-alike is what Nicholson calls a community-based health care coalition that acts like an ACO, but isn’t certified as one.

The Nicholson Foundation is proud to have played a role in bringing this model to life in the Garden State.

Now we stand at a crucial turning point. Our continuing progress depends on key stakeholders stepping up and doing their part to help support the Medicaid ACO model. I hope that today’s conference can re-ignite a sense of shared urgency on what needs to be done.

I’d like to share with you my perspective on where we’ve been, where we are today, and where I hope we will go…together.

Let’s start from the beginning.

Despite spending more than 20% of its budget on Medicaid, historically, New Jersey has had middling-to-poor results on many health indicators. A few years ago, the Commonwealth Fund ranked New Jersey 42nd in the Nation in both cost of care and avoidable hospital use among low-income populations.

The situation was most dire in urban areas where vulnerable populations, which suffer from high burdens of serious chronic illness, behavioral health disorders, and the effects of social disadvantage, did not have timely access to high-quality care. These issues continue to present serious challenges to our health care delivery systems.

In light of this, you know there is an urgent need to implement more effective delivery models or you wouldn’t be here at this conference.

You are the people trying innovative approaches, like group visits, open-access scheduling, team-based care, care coordination, and integrating behavioral health and primary care, to name just a few. Many of you are using data in creative new ways to make informed decisions as you work to improve care delivery.

You are the people who banded together to form grassroots, community-based healthcare coalitions that are poised to change the paradigm of how care is delivered in New Jersey.

This is an underappreciated aspect of New Jersey’s Medicaid ACO story—and something that should make us very proud. In many other States, change is coming from top-down mandates, but in New Jersey, it truly was those on the front lines of the health care delivery system who did the most to design a better system. Their efforts—your efforts—put New Jersey in the forefront of innovation in health care for the underserved.

The Nicholson Foundation recognized that working with these community-based health care coalitions could create real potential for improving health care outcomes and costs for Medicaid recipients. So we provided significant financial and technical support to help these communities help themselves.

In 2011, when Governor Christie signed the law authorizing the creation of Medicaid ACOs, the law specified that ACOs could share in the State’s Medicaid savings if they improved care and reduced costs in their communities. You will recall that at that time, fee-for-service was the way the state financed care.

Two years ago, when the state issued its ACO regulations, 95% of the State’s Medicaid recipients had transitioned to managed care. Neither the ACO legislation, nor its regulations, addressed this crucial change in how the State delivers and pays for health care in Medicaid ACO communities, namely, through managed care contracts.

This past July, with three community health coalitions being certified as Medicaid ACOs, the three-year ACO demonstration project began. We are now at an exciting time, yet also a perilous time in the development of Medicaid ACOs.

Going forward, if the Medicaid ACO model has any chance of success, a way must be found to finance and sustain it.

The ACOs’ path to financial sustainability will depend on decisions made by the State and New Jersey’s Medicaid Managed Care Organizations. While The Nicholson Foundation is very proud of the support that we, and others, have given to build the ACO infrastructure, we recognize that Medicaid dollars or other government funds—either directly from the State or through the Managed Care Organizations—must be made available for ACO activities. Because guidance from the Centers for Medicare and Medicaid Services has provided broad latitude to States, there is no shortage of ways to accomplish this.

The Nicholson Foundation will continue to do our part, but without these other resources, the model is at risk of not thriving in the short term and not being sustainable in the longer term.

**ALL** the Medicaid ACOs and the ACO look-alikes need the Managed Care Organizations to execute contracts with them, either for care coordination for their high users, or for other services to improve their members’ health outcomes. To state it bluntly: To not offer the Medicaid ACOs and look-alikes contracts is to not offer them a chance at success.

The business case for health insurance companies to step up now and support the ACOs is clear and compelling. In the past two years, Medicaid expansion has fueled their growth. Finding ways to cut costs and improve the health of the safety net population—precisely what the Medicaid ACOs are designed to do—are essential to these companies’ long-term bottom lines.

At this crucial juncture, now is the time for Managed Care Organizations to take the leadership role in ensuring the success of this model, about which we are all so rightly proud.

I hope that we can rekindle the sense of excitement and optimism that drove the creation of the ACOs. And I ask all of you here today to continue to work together and keep pushing to make the model succeed.

Thank you.