

## **Accountable care systems:** what are they and what do they mean for the NHS



## Accountable care what?

Several areas around England have expressed their intention to form either ACSs (accountable care systems) or ACOs (accountable care organisations). This briefing provides a short explanation of what these both are, how they vary from each other and what they could mean for the NHS.

### ACS (accountable care system)<sup>1</sup>

NHS England describe an ACS as an 'evolved' version of an STP (sustainability and transformation partnership),<sup>2</sup> the process through which local areas are expected to save money by transforming their health and care system. In an ACS, local NHS organisations, often in partnership with local authorities, work together as an integrated system. The ACS has **collective responsibility for resources and population health** and operates on both a **horizontally and vertically integrated basis**,<sup>3</sup> either **virtually or through actual mergers**. It is expected to **partner with local GP hubs**. The scope of services covered is likely to vary between different areas. In return, these systems will get more control over the total operations of the health system in their area. This could include devolved transformation funding for certain services, a 'one stop shop' for regulation or an ability to redeploy staff from the national bodies.

The idea behind the concept is that the system can provide joined up, better coordinated care and any savings made in the cost of care provision are shared across the system. To achieve the intended cost savings, providers typically work together to develop a care management approach targeted at patients at risk of potentially avoidable admissions or emergency department visits. Such care management is either preventive (proactively contacting patients with a high risk profile and deriving a community based care plan) or reactive (care coordinators based in a hospital intercept patients and direct them to other resources).

It is expected that some ACSs will establish an ACO in the future.

### ACO (accountable care organisation)

An ACO is very similar to an ACS, in that an ACO brings together a number of providers to take responsibility for the cost and quality of care for a defined population within an agreed budget.<sup>4</sup> Similar to an ACS, the structure of the organisation can also vary, from fully integrated systems to looser alliances or partnerships between different providers. The key difference is that in an ACO there will be a **single contract with a single organisation** for the majority of health and care services and for population health in the area.

### What do they mean for the NHS?

Across all STPs there is a range of terminology in this area. For example, Suffolk and North East Essex discuss establishing ACOs or ACSs, but others talk of accountable care alliances, integrated care organisations or communities. These different labels are likely masking a lack of clarity within local areas but, although STPs will have slightly different interpretations or intentions, they are likely to still fall within the descriptions above.

1 NHS England (2017). Next steps on the NHS Five Year Forward View.

2 STPs were previously known as Sustainability and Transformation Plans.

3 Horizontal integration is when organisations at the same level work together (eg grouping outpatient clinics with a geographic network of providers), whereas vertical integration focuses on organisations at different stages of care within the health economy (eg a hospital integrating with local community services).

4 The King's Fund (2016). Accountable care organisations (ACOs) explained

The first group of designated ACSs were announced in June 2017 and include:

1. Frimley Health including Slough, Surrey Heath and Aldershot
2. South Yorkshire & Bassetlaw
3. Nottinghamshire, with an early focus on Greater Nottingham and the southern part of the STP
4. Blackpool & Flyde Coast, with the potential to spread to other parts of the Lancashire & Cumbria STP at a later stage
5. Dorset
6. Luton, with Milton Keynes and Bedfordshire
7. West Berkshire, covering Reading, Newbury and Wokingham
8. Buckinghamshire.

It is expected that West, North and East Cumbria and Northumberland will follow later in the year.

These areas have agreed with national leaders to deliver fast track improvements, including taking the strain off A&E, making it easier to get a GP appointment, and improving access to high quality cancer and mental health services. Between them they have the potential to control £450 million of transformation funding over the next four years.

ACOs evolved from the US and the early evidence of their success is mixed. The King's Fund describe three important lessons necessary for them to be successful:<sup>5</sup>

1. **Strong relationships** between leaders and the clinicians who deliver care. Collaboration between clinicians is particularly important as the benefits come from clinical integration and not organisational integration.
2. The **infrastructure behind the structure needs to be in place**. For example, there needs to be accelerated implementation of electronic care records and the use of data to identify patients with higher than average care costs.
3. **New ways of commissioning and paying for care**, including longer-term outcomes based contracts and capitated budgets that cover the needs of a defined population.

The rhetoric from the Government and NHS England is supportive of these lessons but it is going to take time until they become reality. If ACSs or ACOs can help minimise new organisations and bring forward the end of the purchaser-provider split, whilst ring-fencing core GP funding, then they could be a positive development. However, policy makers and the Government need to be patient in expecting them to deliver either results or cost savings.

"We are going to go for probably between six and 10 [STPs,] actually get them going as accountable care organisations or systems, which will for the first time since 1990 effectively end the purchaser provider split bringing about integrated funding and delivery for a given geographical population. So this is pretty big stuff and actually people are pretty enthusiastic about it."

Simon Stevens, Public Accounts Committee, March 2017

One important thing to note is that these structures currently sit outside legislation. The BMA has repeatedly called for Government and NHS leaders to ensure proper governance frameworks are in place before changing structures. Although this was acknowledged in the Conservative Party Manifesto, where they state that 'if the current legislative landscape is either slowing implementation or preventing clear national or local accountability, we will consult and make the necessary legislative changes', these changes are unlikely to happen under a minority Conservative government and we are left with potentially serious governance issues.

5 The King's Fund (2016). Accountable care organisations (ACOs) explained

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