Appendix 1:
Assessing your hospital as an ACO partner

I. Compatibility and alignment
   A. History of successful partnering with physicians on clinical and financial initiatives
   B. Openness to physician-driven leadership
   C. Degree of current interdependence between hospital and physician group
   D. Past responsiveness to physician initiatives
   E. Open communication concerning strategic and administrative initiatives
   F. Compatible leadership styles as to transparency, inclusiveness, action orientation
   G. Compatible and positive market perception of quality
   H. Compatible EHR
   I. Compatible benefits, cost and staffing ratios
   J. Significant medical staff presence in governance
   K. Strategic plan which values physician service capabilities and outpatient services
   L. Physicians holding executive positions in the hospital or system

II. Financial strengths
   A. Strong balance sheet with significant cash balances
   B. Low debt to equity ratio
   C. Leadership in regional market
   D. Positive net margin
   E. Success in outpatient service ventures
   F. Excellent facilities
   G. Excellent primary care base
   H. Quality of managed care contracts and supply contracts
   I. Independent and quality of the hospital’s boards
   J. Strength of independent directors or trustees
   K. Free standing or part of a hospital system
   L. Track record of successful innovation and support of physician practices
   M. Excellent patient satisfaction results and clinical outcomes
   N. Effective use of technology

III. Management strengths
   A. Trusted and effective CEO and senior management team
   B. Efficient and effective operations
   C. Demonstrative ability to recruit and retain primary care and specialty physicians
   D. Strong culture of compliance
   E. Strong communication skills and track record of good decision making
   F. Excellent clinical managers and medical staff leadership
   G. Ability to retain quality administrators
   H. Ability to demonstrate and be compensated for quality with third-party payers
   I. Independence and quality of the hospital’s boards
   J. Strength of independent directors or trustees
   K. Free standing or part of a hospital system
   L. Track record of successful innovation and support of physician practices
   M. Excellent patient satisfaction results and clinical outcomes
   N. Effective use of technology

IV. Perceived synergies
   A. Potential for expense savings due to improved purchasing, economy to scale, enhanced employee benefits and elimination of duplication
   B. Improved margins through more efficient use and consolidation of ancillary services
   C. Opportunity to expand market share
   D. Efficient access to capital
   E. Increased collaboration with hospital-employed physicians
   F. Learning curve savings on EMR, quality measurement systems and practice integration
   G. Assistance in recruiting new physicians
   H. First mover in advantage for building centers of excellence
Appendix 1: Assessing your hospital as an ACO partner

I. Commitment to building medical homes and increasing access
J. Innovative contracting with managed care payors regarding total cost of care or quality

V. Other considerations

A. Potential to access new software and benefit from compliance, manage care contracting, capital markets and reimbursement expertise
B. Effect on current referral sources both within the hospital and outside the hospital’s medical staff and physician groups and other competing hospital affiliations
C. Costs and risks associated with antitrust, regulatory compliance, licensing and state prohibitions with respect to corporate practice of medicine
D. Cost of integration
E. Challenges in integrating administrative and clinical teams
F. Receptivity of independent medical staff and currently employed physicians
G. Willingness of both parties to educate, discipline and terminate physicians who do not comply with ACO and other delivery policies
H. Number of primary care physicians who are NCQA certified at various levels