



Charles N. Kahn III
President & CEO

November 19, 2010

VIA ELECTRONIC AND REGULAR MAIL

Margaret E. O’Kane
President
National Committee for Quality Assurance
1100 13th Street, NW, Suite 1000
Washington, DC 20005

Re: Accountable Care Organizations: Draft 2011 Criteria

Dear Ms. Kane:

The Federation of American Hospitals (“FAH”) is the national representative of nearly 1,000 investor-owned or managed community hospitals and health systems located throughout the United States. Our members include teaching and non-teaching hospitals in urban and rural America, including inpatient rehabilitation, long-term acute care, cancer and psychiatric hospitals. We appreciate the opportunity to comment on the National Committee for Quality Assurance’s (“NCQA”) Draft 2011 Criteria for Accountable Care Organizations (“Draft Criteria”).

The Patient Protection and Affordable Care Act (“PPACA”) provides a significant opportunity for health care providers to better coordinate health care services under its shared savings program through the creation of accountable care organizations (“ACOs”). ACOs are intended to change materially the way Medicare beneficiaries receive care through better coordination that promotes high quality and efficient patient care, better population health, and lower cost. While providers are not obligated to participate in the ACO program, their participation should be encouraged. This is one reason that the legislation provides for a significant amount of flexibility to encourage innovation and wide participation among health care providers. The health care field eagerly awaits implementing regulations from the Department of Health & Human Services (“HHS”). Also, it is anticipated that the use of the ACO model will continue to grow in the commercial insurance market.

The FAH is concerned about the NCQA’s Draft Criteria and its potential impact on ACOs development and operation. The Draft Criteria are both burdensome and overly prescriptive. Health care providers are already licensed and certified under a number of different and very extensive regulatory and quasi-regulatory frameworks. We do not see the need for an additional, very expansive layer of an accreditation-type processes and scoring mechanisms to be applied to licensed and certified

health care providers that seek to operate in an ACO shared savings program, and have organized themselves to meet the statutory and regulatory criteria.

Because HHS has not yet issued its rulemaking on core issues, including those published recently for industry comments, it seems premature and potentially misguided for a definitive set of qualifying criteria to be proposed. For example, performance measurement is likely to be a key focus, with the outcomes of higher quality and efficiency being the most important drivers. However, the Draft Criteria seems to go in a different direction by creating requirements regarding the processes that ACOs must follow to try to reach those outcomes goals. We believe mandating processes in this way is counter to the intent of the legislation and potentially introduces more and unnecessary inefficiencies and cost. This, in turn, may discourage provider participation in ACOs.

We urge the NCQA to recognize and preserve the intended flexibility of the ACO program. Innovation requires flexibility, and that flexibility will allow different models to grow and be tested over time. Thank you for your consideration of our letter. If you have any questions, please feel free to contact me or Jeff Micklos or Jayne Chambers of my staff at 202.624.1500.

Sincerely,

A handwritten signature in black ink, appearing to read "Margaret E. O'Kane". The signature is fluid and cursive, with a large initial "M" and "E".