



Are ACOs The Flavor Of The Month?

They Remain a Concept With Little Connection to Consumers

Posted on: May 5, 2016 | By [Ross Goldberg](#)



If you believe that ACOs are the future of healthcare in America and destined to successfully zip along to high praise, feel free to skip this article. But for me I have been reading a lot less about ACOs this year than I did in 2015 or the year before for that matter. I don't think it's a coincidence.

Nearly 30 years ago, a group of very smart healthcare executives thought they had discovered the secret to sustainability in an environment they viewed as increasingly threatening. Their organization already owned a collection of well-positioned hospitals in the greater Los Angeles market, so they figured if they could lock up health plans and physician groups as well, they would have all of the pieces necessary to serve a defined population in need of healthcare services and financing. With this plan in mind, they launched a health plan, acquired well-established physician groups at a record pace, and invested heavily in a host of ancillary healthcare ventures. Soon they had everything needed to dominate the market as few had. Sounded like a good idea, except for one thing: it didn't work. I know. I was there.

Though not called an ACO at the time, that three-decade-old story line is eerily similar to many business models being cultivated today. And so if past is indeed prolog, it is safe to say that it didn't work then, and it won't work now. Unless it does.

It is increasingly but sadly true that in growing numbers Americans distrust our nation's healthcare system. What should be one of our noblest pursuits has turned into a political football, the butt of comedians' jokes and a relentless profit machine for drug manufacturers and publicly held companies who too often place private gain over public good. With this backdrop ACOs can only succeed if they are positioned as an alternative to everything that is wrong with the business of healthcare while reinforcing everything that is right with the science of medicine.

In this regard a lesson can be learned from the public's discontent with managed care. HMOs lost the trust war the moment they positioned themselves as a cost-cutting solution responding to employer demands rather than a consumer-centric model concerned with fostering good health (from which cost savings would organically result). ACOs are on the precipice of making a similar mistake by not viewing healthcare through the lens of the person on the street.

To the average consumer ACOs are an amorphous and cold concept. In truth they are amorphous to many of us in the healthcare field as well. We shouldn't be so naïve as to be surprised when the public asks "Hasn't my doctor and hospital always been accountable for my care?" Good question. Haven't we always been? And if not, what have we been doing and charging for all these years?

What's lacking and much needed in all of this is some plain speak, a defining of the space in ways that consumers find value, and a positioning strategy that resonates with boomers and Gen Xers alike. Done right this can foster a change in mindset not just for the public but for a healthcare industry which all too often clings to the familiar.

The one thing ACOs have going for them now that those smart L.A. executives didn't have 30 years ago is the almost universal agreement that our current healthcare system is broken and alternatives must be explored. The public's appetite for change is there. This gives ACOs a small window in which to show their worth and win over hearts, or else they will be little more than a flavor of the month that quickly angers the palate.

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