

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 100510)

RESOLUTION

Authorizing the Committee on Labor and Civil Service to hold hearings investigating ways that Accountable Care Organizations can help the City of Philadelphia reduce the cost and improve the quality of providing health care services to its citizens and employees.

WHEREAS, Health care expenditures represent more than 17 percent of the nation's gross domestic product, with costs predicted to continue increasing in future years; and

WHEREAS, The City of Philadelphia plans to spend more than \$120 million on health-related services to its citizens next year and over \$400 million on health care benefits for its employees; and

WHEREAS, The fee-for-service payment structure that is standard in most health care plans, including in Medicare, creates few incentives for health care providers to reduce costs and improve the quality and efficiency of care provided to patients; and

WHEREAS, Accountable Care Organizations (ACOs) are health care provider organizations that are accountable for meeting the health care needs of a defined patient population, including the total cost of care and the quality and effectiveness of care; and

WHEREAS, Under the ACO model, a spending benchmark is established for the covered patient population – if the ACO is able to improve the quality of care provided to patients while reducing spending, the ACO receives some portion of the realized savings from the payor. In other words, ACOs have a financial incentive to reduce costs and improve the care provided to patients; and

WHEREAS, In 2009, the Medicare Payment Advisory Commission identified ACOs as a potential tool for restructuring Medicare to improve the quality and contain the cost of providing care to patients; and

City of Philadelphia

RESOLUTION NO. 100510 continued

WHEREAS, The Patient Protection and Affordable Care Act of 2010 authorized providers organized as ACOs that voluntarily meet certain quality thresholds to share in the cost savings the ACOs achieve for the Medicare program; and

WHEREAS, Localities across the United States, including Vermont, Kentucky, and Iowa, are exploring ACOs as a means to provide improved health care at lower costs to citizens; and

WHEREAS, ACOs have the potential to save the City of Philadelphia a significant amount of money and improve the quality and efficiency of the health care services provided to the citizens and, potentially, City employees; and

WHEREAS, Pursuant to the Rules of Council, the Committee on Labor and Civil Service shall hear, inter alia, “[a]ll matters relating to labor relations, work flow processes, reinventing government, efficiency and productivity of the labor force, customer service, [and] the Civil Service Commission”; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the Committee on Labor and Civil Service is authorized to hold hearings investigating ways that Accountable Care Organizations can help the City of Philadelphia reduce the cost and improve the quality of providing health care services to its citizens and employees.

City of Philadelphia

RESOLUTION NO. 100510 continued

City of Philadelphia

RESOLUTION NO. 100510 continued

CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the seventeenth of June, 2010.

Anna C. Verna
PRESIDENT OF THE COUNCIL

Michael A. Decker
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember Green

Sponsored by: Councilmembers Green, Greenlee, DiCicco, Rizzo, Sanchez, Goode, Blackwell, Kenney, Miller, Council President Verna, Councilmembers Krajewski, Kelly, O'Neill, Reynolds Brown and Tasco