



# Medicare ACOs: Today and Tomorrow



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# Agenda

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- Growth of ACOs
- Impact of ACOs
- Politics and ACOs
- Policy Outlook and Reforms
- Moving Forward



# Growth of ACOs

# Medicare ACO Participation

● Track 1 ● Total Program



Source: Annual CMS Announcements; <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharesavingsprogram/News-and-Updates.html>

2013

2014

2015

2016

2017

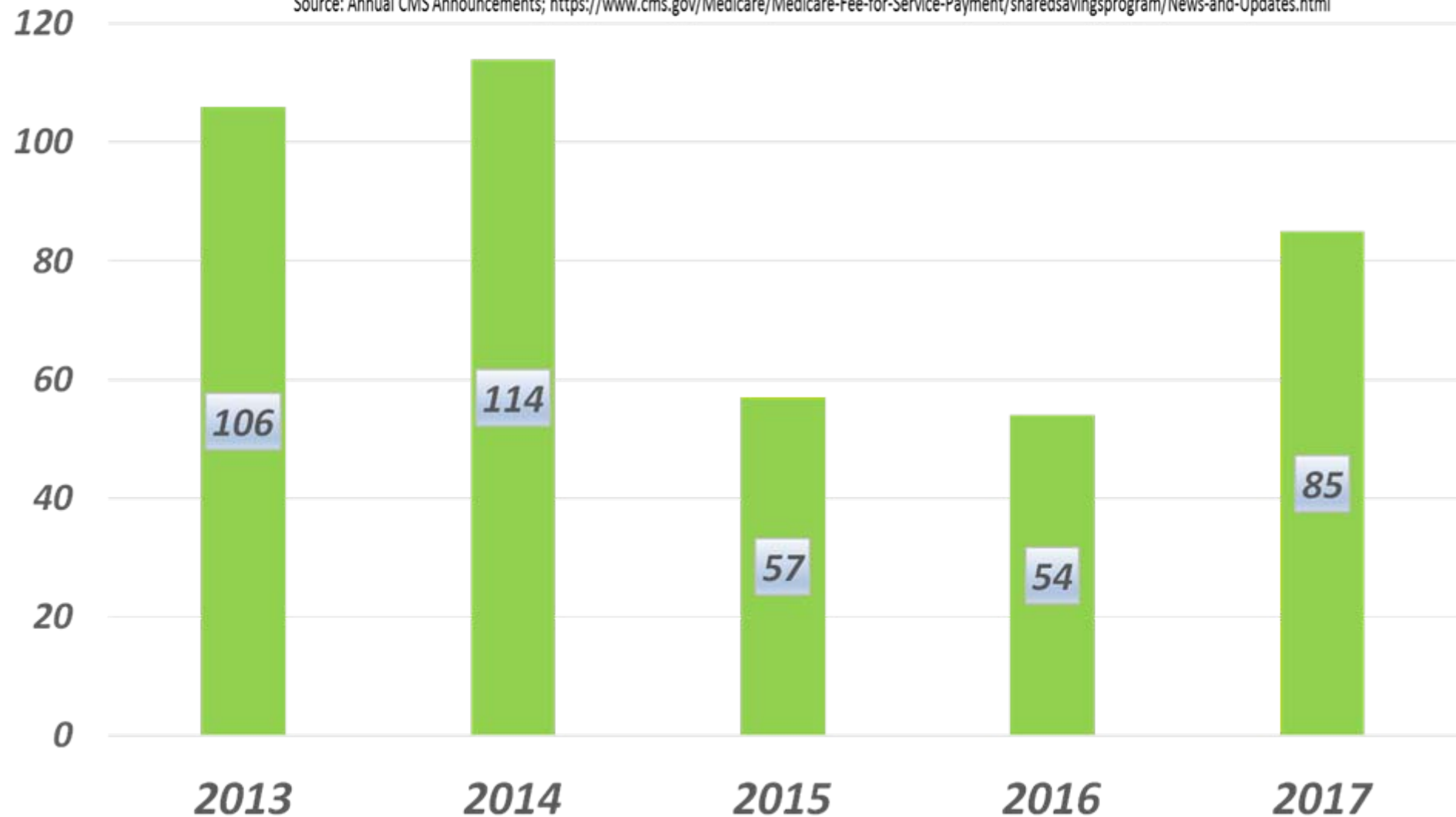
# *Medicare ACO Participation*

<b>ACO Model</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Track 1	217	340	399	412	438
Track 2	3	3	5	6	6
Track 3	-	-	-	16	36
Pioneer	32	23	19	9	-
NGACO	-	-	-	21	45
CEC	-	-	-	13	37
<b>Total Program</b>	<b>252</b>	<b>366</b>	<b>423</b>	<b>477</b>	<b>562</b>

Source: Annual CMS Announcements; <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/News-and-Updates.html>

# Total Medicare ACO Program Net Growth

Source: Annual CMS Announcements; <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/News-and-Updates.html>





# Impact of ACOs

# Evaluating ACO Success



*“We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten.”*

- Bill Gates



# 2015 MSSP Performance Results



- An increasing proportion of ACOs are earning shared savings
- Experienced ACOs are more likely to earn shared savings
  - 42% of MSSP ACOs that began the program in 2012 generated and earned savings compared to 21% of ACOs that began in 2015
- Quality is improving
  - Overall ACO quality scores increased from 83.1% to 91.4% from 2014 to 2015
  - From 2014 to 2015, ACOs improved on 84% of measures during the performance year
- Meeting the Minimum Savings Rate (MSR) remains a hurdle
  - 83 ACOs reduced healthcare costs compared to their benchmarks but did not qualify for shared savings because they didn't meet their MSR

# Research on ACO Effectiveness



- *Early Performance of Accountable Care Organizations in Medicare*, published in NEJM April 2016, by Michael McWilliams and Michael Chernew, et al.
  - Examined Medicare claims data from 2009 to 2013 to compare changes pre- and post-ACO contract and to compare ACO beneficiaries to non-ACO beneficiaries
  - Results showed that in the first performance year 2012 ACOs saved \$144 per beneficiary compared to control group, including reductions in PAC
- *Association Between Medicare Accountable Care Organization Implementation and Spending Among Clinically Vulnerable Beneficiaries*, published in JAMA by Carrie Colla, Elliott Fisher, et al.
  - Evaluated health care outcomes for Medicare beneficiaries attributed to ACOs versus those not attributed to ACOs
  - Results showed that total spending decreased slightly overall, and especially decreased among clinically vulnerable beneficiaries which also showed decreases in hospitalizations and ED visits

# Beyond the data



- There are countless stories of ACOs making a difference for patients and improving their health outcomes
- For example, a patient with flash pulmonary edema
  - She went to the ER 20 times in 6 months and would be stabilized and released with prescriptions and care instructions
  - An ACO assigned a care coordinator to the patient and the care coordinator identified that the patient was seeing multiple physicians for the condition but the physicians were not aware
  - The care coordinator worked with the physicians to develop a care plan and to address duplicative medications
  - Result: the patient's care was better managed, she understood what she should do and avoided costly ER trips



# Politics and ACOs

# Trump Administration Implications



- Future of ACA repeal efforts uncertain
- We don't believe shift to value-based payment models will go away – could be bigger priority
- HHS Secretary Price will likely seek to simplify and undue burdensome regulations – this as an opportunity to ease burdens on ACOs, push for changes
- Questions about the emphasis on providers assuming risk – potential opportunity to limit risk under Price HHS
- Medicaid reform will be a big focus for Congress and CMS under Seema Verma's leadership

## Replacement bill largely resembles leaked draft

**ACOs not included in ACA repeal efforts to date!**

### Repeal bill changes from the ACA

ACA provisions	Repeal Bill
Individual mandate	✗ The repeal bill replaces the individual mandate with a continuous coverage incentive
Employer mandate	✗ Employers of a certain size will no longer be required to offer health insurance
Subsidies	OOP ✗ Lower-income individuals will no longer receive subsidies to help with out-of-pocket costs (co-pays or deductibles) under the GOP's plan
	Premium △ Rather than subsidies, individuals will receive tax credits to help pay for premiums
Medicaid expansion	△ The GOP plan would phase out expansion by 2020, capping payments in some states
Health savings accounts	△ Raises the contribution limits for HSAs: \$6,550 for an individual & \$13,100 for a family
Age-ratio	△ Insurers will be able to charge older customers five times as much as younger customers
Dependent coverage until 26	✓ Dependents can stay on their parent's insurance plans until the age of 26
Pre-existing conditions provision	✓ Insurers must cover those with pre-existing conditions at the same price as the healthy
Essential health benefits	✓ All plans must cover 10 essential benefits, including maternity care & preventative care
Prohibitions on annual/lifetime limits	✓ Insurers are not allowed to set a limit on coverage for an individual



# Policy Outlook and Reforms

# Key Policy Issues on the Horizon

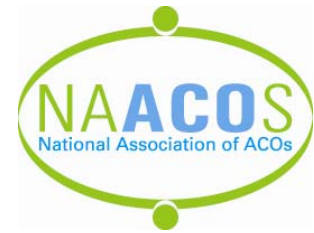


- MACRA implementation
- Track 1+
- Overlap of Bundled Payments and ACOs
- Extended Track 1 participation

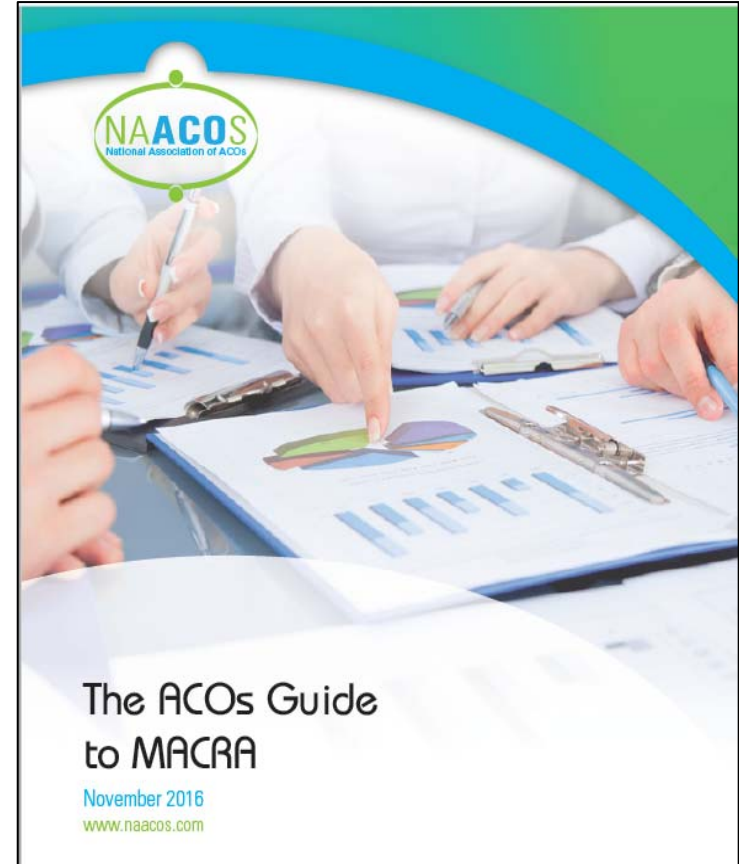
*These issues and many others are detailed in our recent policy [paper](#) on improving the MSSP.*



# MACRA Implementation



- 2017 is the first reporting period under MACRA, which corresponds to 2019 payment adjustments
- Track 1 ACOs evaluated under the Merit-Based Payment System (MIPS); Track 2, 3 and NGACOs can qualify for Advanced APM bonuses (plus Track 1+ starting in 2018!)
- ACOs in MIPS receive favorable benefits, expected to score well
- Questions remain about certain MACRA implementation issues, more changes expected for 2018 performance



Visit our MACRA [webpage!](#)

# Track 1+

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- Track 1+ has been a top advocacy priority for NAACOS
- CMS [Factsheet](#) on Track 1+ (available for 2018 participation)
  - New ACOs permitted to participate for 1 agreement, existing T1 ACOs can participate for remainder of existing agreement plus an additional 3 year agreement. (T2, 3 and NG ACOs ineligible)
  - Rebased benchmark applies when ACO moves into new agreement
  - Qualifies as an Advanced APM
  - 50% shared savings rate / 30% shared loss rate
  - Prospective beneficiary assignment
  - Choice of symmetrical MSR/MLR
  - Option to elect the SNF 3-day rule waiver
- NAACOS policy recommendations to improve Track 1+, detailed in recent letter to CMS

# Track 1+



- Revenue- or benchmark-based risk arrangement based on CMS evaluation of whether the ACO includes:
  - An ACO participant (as identified by TIN/ CMS Certification Numbers) that is owned or operated by, in whole or in part, an IPPS hospital, cancer center, or a rural hospital with more than 100 beds
  - An ACO participant that is owned/operated by, in whole or in part, a rural hospital with 100 or fewer beds that is not itself included as an ACO participant
  - An ACO participant rural hospital with 100 or fewer beds that is owned or operated by, in whole or part, a health system.
- ***If at least one of these criteria are met***, the ACO's loss sharing limit will be 4% of the ACO's updated historical benchmark.
- ***If none of these criteria are met***, the ACO's loss sharing limit would be 8% of ACO participant Medicare FFS revenue (which would include total Parts A and B FFS revenue for ACO participants that are rural hospitals with 100 or fewer beds) in 2018.

# Bundled Payments

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- CMS finalized new cardiac [episodes](#) in the final days of the Obama Administration- new delays issued by Trump Administration signal opportunities for reform
- Implementation of the AMI and CABG episodes as well as expanded CJR (SHFFT) effective October 1, 2017 (recently delayed from July)
- CMS finalized an overlap policy which excludes Next Gen and Track 3 ACO assigned patients from these bundles & allows ACOs to act as “collaborators” eligible for gainsharing
- BPCI 2.0 in 2018?
- Significant concerns about the overlap of bundled payment programs and ACOs. NAACOS position: exclude ACO beneficiaries from bundles unless a collaborative agreement exists between bundler and ACO

# Extended Track 1 Participation



- 2019 is the first year when 2012/2013 Track 1 ACOs will be forced to take on risk
- Extended Track 1 participation must be addressed this year so that CMS can change regs by early 2018
- NAACOS position detailed in recent letter to CMS: Track 1 ACOs that meet any of the criteria below should be permitted to continue in Track 1:
  - Generate savings in 2 out of 4 years
  - Score at or above the 75<sup>th</sup> percentile in quality in 2 of 3 pay-for-performance years
  - Improve their overall quality score by 10 percentage points or more over the course of the pay-for-performance years



# Moving Forward

# Annual ACO Survey



A Partnership Between NAACOS and Leavitt Partners

## Goals

- 1) Develop a joint survey to become the industry standard and reduce survey duplications
- 2) Produce a joint report, academic journal, or health affairs type blog

## Current Status

- Joint contact list with ~875 unique ACOs
- Survey opened Feb 21
- Currently have responses from over 200 ACOs

## How can ACOs help?

- If your ACO hasn't completed a survey yet, please do!
- You can access the survey either through the survey link found at [www.annualacosurvey.com](http://www.annualacosurvey.com) or contact us at [info@AnnualACO.com](mailto:info@AnnualACO.com)

# Looking Ahead...

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- ACO growth continues to be strong and more ACOs are demonstrating savings and improving quality – trends we hope to see continue!
- ACOs will continue to play a critical role in the evolution to value-based care and APMs
- Program challenges remain and policy changes are needed to ensure a stable and fair Medicare ACO program
- More research is becoming available about the effect of ACOs
- Growth of commercial ACOs is critically important and we are learning more about the overall ACO industry
- **NAACOS is planning on – and helping to create – a bright future for ACOs!**





**Final questions or comments?**

**Thank you!**