

# ACOs and the Future of Health Care



## ***New Medicare law supports the ACO model.***

- Designed to modernize Medicare physician payments, The Medicare Access and CHIP Reauthorization Act (MACRA) passed with overwhelming bipartisan support in 2015. MACRA carefully positioned the ACO model as part of the foundation of value-based payment and a strong component of the future of Medicare.
- MACRA has two participation paths. The Merit-Based Incentive Payment System pays bonuses or penalties to clinicians based on their performance on certain quality and cost metrics and is intended for those not yet ready for the second track, Advanced Alternative Payment Models (Advanced APMs).
- Advanced APMs focus on changing how health care is delivered by emphasizing care coordination and requiring providers to have some level of financial risk if they don't lower costs and meet quality standards. Two-sided risk ACOs qualify as Advanced APMs.
- Congress strongly incentivized providers to participate in an Advanced APM by including a 5 percent annual bonus from 2019 through 2024.

## **More providers are moving to the ACO model.**

- As of 2017, there are 525 Medicare ACOs serving over 10.5 million Medicare beneficiaries.
- That is roughly 20 percent of Medicare beneficiaries making the Medicare ACO program the fastest growing Medicare program in its 50-year history.
- More than 345,000 providers are caring for Medicare beneficiaries through the ACO model.

## **ACO Fast Facts:**

- **Bipartisan History** – ACOs began as a demonstration project approved by the Bush Administration in 2000. In 2014, the Affordable Care Act, added “Accountable Care Organizations” as a permanent part of Medicare.
- **Beyond Medicare** – There are over 900 active public and private ACOs across the United States, covering more than 32 million lives. Ten percent of the U.S. population is now covered by an accountable care contract.
- **Medicaid** – States are looking for solutions to reigning in Medicaid costs and turning to ACOs. States like Massachusetts and Minnesota are moving all of their fee-for-service Medicaid recipients to the ACO model.
- **Direct Contracts** – Large employers like Intel, Boeing, and Disney are moving their employee plans to the ACO model. The direct contract option allows employers to offer health plans to their employees that promise high quality care that remains affordable. Boeing's ACO option provided employees the added benefit of no co-pays for primary care and 100% coverage of generic drugs.