



Improving Care in Local Communities: MSSP ACOs

Moving from volume-driven fee-for-service payment to value-based payment that rewards better patient outcomes and lower costs is key to getting more value for the \$3.6 trillion spent annually on U.S. health care. The accountable care organization (ACO) model is a market-based solution to fragmented and costly care that empowers local physicians, hospitals and other providers to work together and take responsibility for improving quality, enhancing patient experience and keeping costs down. Importantly, the ACO model maintains patient choice of clinicians and other providers.

Many experts believe that putting providers at financial risk for the cost and quality of care is the best way to align financial incentives to transform care delivery. But it takes time for clinicians and other providers to build the infrastructure—the care coordination, information technology and data analytics capabilities—to manage risk successfully. Otherwise, quality and access to care can be jeopardized. One way to encourage providers to prepare successfully for financial risk is to first share savings with them if they achieve quality goals and control spending, which is the approach used by the Medicare Shared Savings Program (MSSP). Over time, the MSSP, a voluntary program that maintains beneficiary choice of Medicare providers, requires ACOs to share in losses—or take financial risk—if spending for patient care increases beyond a benchmark target.

All Health Care is Local

Health care is organized and delivered in local communities, which vary a great deal in size, socio-demographics, costs, and how providers organize and deliver care. Some local markets are further along than others in breaking down the siloes that cause fragmented care and building capabilities to integrate care, manage risk and deliver high-quality care at an affordable cost. The MSSP is the largest value-based payment model in the country moving providers toward financial risk. About 550 MSSP ACOs were caring for more than 12.3 million beneficiaries as of January 2020. Hundreds more commercial and Medicaid ACOs serve millions of additional patients.

ACO Quality and Cost Savings

MSSP ACOs are improving care for millions of beneficiaries across the country and saving Medicare money. For example, a [2017 Health and Human Service Inspector General's report](#) found that ACOs outperformed most fee-for-service providers on important quality measures like reducing hospital readmissions and screening beneficiaries for risk of falling and depression. Similarly, peer-reviewed studies by Harvard University researchers in the [New England Journal of Medicine](#) and [JAMA](#) found that the MSSP generated nearly \$300 million in net savings in 2013-2014 after accounting for shared savings earned by ACOs. More recently, a [study](#) commissioned by the [National Association of ACOs](#) and conducted by Dobson Davanzo & Associates using similar rigorous methods found that MSSP ACOs saved \$3.53 billion from 2013 to 2017 and reduced Medicare spending by \$755 million during that time after accounting for shared-savings payments earned by ACOs.

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