

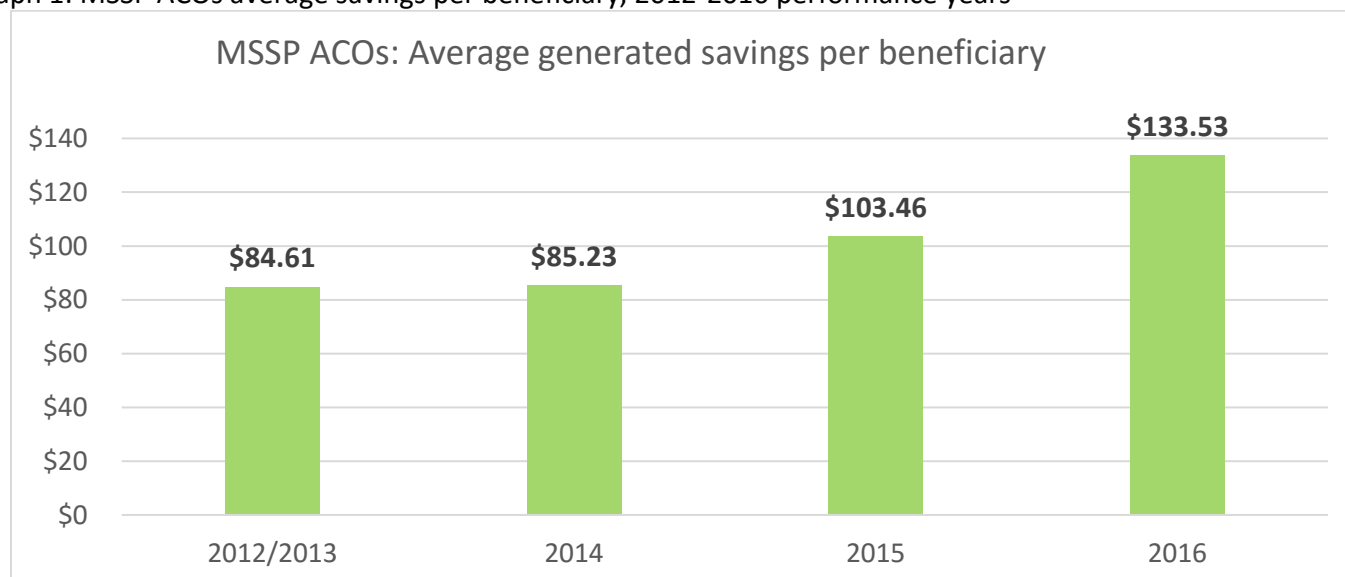
## 2016 Medicare ACO Results: Highlights

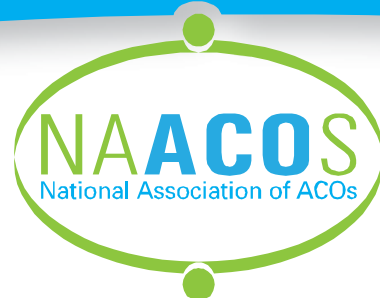
The Centers of Medicare & Medicaid Services (CMS) recently released results on Performance Year (PY 2016) for Medicare ACOs, including those in the Medicare Shared Savings Program (MSSP), the Next Generation Model, the Pioneer ACO program and the Comprehensive End Stage Renal Disease Care Model (CEC). These results are promising and demonstrate the significant value of accountable care models. The overall amount of savings and the proportion of those qualifying for earned shared savings reflects the deep commitment these organizations have for changing how care is delivered and demonstrates positive results for the beneficiaries they serve and for Medicare. This sends a strong message about the role of accountable care models and their significant contributions to Medicare. The National Association of ACOs (NAACOS) is pleased to see that the hard work of ACOs continues to reduce spending while improving quality of care for millions of Medicare beneficiaries across the country and we look forward to seeing the release of the full program results by CMS in the weeks to come.

### ACOs generate and earn significant savings

- Collectively, in 2016 Medicare ACOs generated \$836 million in gross savings and \$71.4 million in net savings
- 73% of Innovation Center ACOs earned shared savings totaling nearly \$146 million. Specifically, Pioneer ACOs earned \$37 million, Next Generation ACOs \$58 million and CEC ACOs \$51 million.
- 31% of MSSP ACOs earned shared savings with payments totaling \$700 million
- 25% of MSSP ACOs generated savings for Medicare but did not meet the threshold needed to share those savings
- Only 18% of MSSP two-sided risk ACOs were responsible for repaying losses
- As shown in graph 1 below, across all MSSP ACOs the average savings per beneficiary has steadily increased across performance years. This is calculated by looking at ACO gross savings (benchmark minus expenditures) divided by beneficiary years, averaged across all MSSP ACOs.

Graph 1: MSSP ACOs average savings per beneficiary, 2012-2016 performance years





### **ACOs provide very high quality for beneficiaries and improve quality over time**

- Average MSSP performance improved 15% across the 25 measures used consecutively across program years\*
- The MSSP ACOs subject to pay-for-performance measures earned an average quality score of 95% and 98 ACOs who were subject to pay-for-reporting earned a quality score of 100%
- Innovation Center ACOs all demonstrated very high quality, Pioneer ACOs had an average quality score of 93% and Next Generation and CEC model ACOs all had 100% in their initial pay-for-reporting years

### **ACOs participating over a longer period show increased success**

- Those participating in the MSSP over a longer period of time show greater improvement in financial performance, demonstrating the value of the program:
  - 42% of 2012 MSSP starters earned shared savings
  - 36% of 2013 and 2014 MSSP starters earned shared savings
  - 26% of 2015 MSSP starters earned shared savings
  - 18% of 2016 MSSP starters earned shared savings

### **Physician-led ACOs generate substantial savings**

- 41% of physician-only MSSP ACOs earned shared savings compared to 23% of ACOs with hospitals\*

### **Savings is significant in certain categories**

- MSSP ACOs generating shared savings had a significant decline in inpatient hospital expenditures and utilization as well as decreased home health, Skilled Nursing Facility and imaging expenditures.\* This translates to better care for the patients they serve.

While this document includes highlights of the CMS results by focusing on the available data related to financial benchmarks and quality scores, it is important to note that those data points are just one way to look at ACO performance. Evaluating the “success” of the ACO program depends on how success is defined, and it’s important to not just look at ACO performance relative to CMS-manufactured benchmarks since it does not represent the true savings of the program. Skilled evaluators need to look beyond those benchmarks by comparing ACOs to providers not in ACOs, comparing ACO spending over time, and considering other effects of the program (e.g., spillover effects on the overall Medicare spending growth rate and effects on other programs such as Medicare Advantage or programs beyond Medicare). For more of this type of research on ACO performance, please refer to this NAACOS [resource](#). Further, 2016 was the first year in which early ACOs, those who began in 2012 or 2013, had their benchmarks reset, i.e., rebased by CMS. Through that process, ACOs with previous savings had their benchmarks lowered as a result of those previous savings, which makes it harder for those ACOs to demonstrate savings and earn shared savings.

\*Results are from the CMS webinar presented on October 19, 2017, slides can be found at: [www.naacos.com/mssp](http://www.naacos.com/mssp)