

ACOs & Cost Savings



How Do ACOs Save Money?

Patient care coordination is at the center of how ACOs operate. By treating an individual as a whole and focusing on the right care in the right setting, providers are able to establish protocols that can aid in lowering hospital admissions and readmissions, achieve post-acute care successes and increase patient compliance with medications and therapies. Provider investment in health IT, data analytics, and patient care managers have shown to add to the opportunity to generate savings.

How Much Money Have ACOs Saved?

- According to this [study](#), in the first three performance years of the Medicare ACO program, ACOs had a net reduction in spending of nearly \$1 billion. Researchers have also demonstrated positive results when comparing ACOs to providers not in ACOs, analyzing ACO spending over time, and considering other effects of the program. Learn more about this growing body of evidence with the NAACOS [resource](#).

Continued Success

- 2015 Medicare Shared Savings Program (MSSP) performance results showed ACOs who have been in the program longer are more likely to achieve savings. Specifically, of the ACOs that started in 2012, twice as many ACOs generated and earned shared savings compared to ACOs that started the MSSP in 2015. This demonstrates that ACOs are making long-term investments, estimated to average \$1.6 million annually, which yield positive results over time.

How is quality guaranteed?

- For ACOs to achieve any shared savings they must meet certain quality measures. This requirement promises that ACOs aren't simply denying care in order to lower spending. If quality standards aren't met, the ACO is denied shared savings regardless of how much they lowered costs.

Don't just take our word for it:

- *"ACOs show promise in reducing spending and improving quality,"*
– HHS Office of Inspector General
August 2017 [Report](#)
- *"ACOs are a tool in the toolbox to ensure high quality, low cost health care for beneficiaries,"*
– FMR. HHS Secretary Tom Price
in answering questions for the record during his January 24, 2017, confirmation.
- *"The coordinated, physician-led care provided by Accountable Care Organizations resulted in better care for over 7.7 million Medicare beneficiaries while also reducing costs,"* – Andy Slavitt, Acting CMS Administrator under President Obama, [August 26, 2016](#).
- *"the innovations being tested ...such as... accountable care organizations, could reduce incentives to adopt new cost-increasing technologies and increase incentives to adopt new cost-decreasing technologies for those participating in these program,"* – Medicare Board of Trustees 2017 [Report](#)