



News Release

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More Medicare Accountable Care Organizations (ACOs) Achieve Quality and Cost Goals in 2017

Medicare Shared Savings Program (MSSP) ACOs Improve Quality and Save Medicare Money While Preserving Beneficiary Choice of Providers

WASHINGTON, D.C., August 30, 2018—Demonstrating their growing role in moving Medicare payment from volume to value, ACOs in the MSSP generated \$314 million in net savings to Medicare in 2017 after accounting for bonuses paid to ACOs, according to MSSP performance data released today by the Centers for Medicare & Medicaid Services (CMS).

“These recent results show that ACOs have turned the corner and this evidence dispels confusion about ACO performance. The hard work of ACOs is paying off – for patients, providers and for the Medicare Trust Fund, and it’s essential we strengthen this program for the future.” said Clif Gaus, Sc.D., president and CEO of the National Association of ACOs (NAACOS)

In 2017, 472 ACOs caring for 9 million beneficiaries participated in the MSSP, generating gross savings of \$1.1 billion based on the CMS methodology for setting financial benchmarks. According to 2017 CMS performance data, 60 percent of ACOs saved money in 2017 and 34 percent of ACOs earned shared savings, up from 56 percent and 31 percent, respectively, in 2016. After accounting for shared savings earned by ACOs in 2017, estimated net Medicare savings were \$314 million. As shown in the table below, the 2017 results also show a continued trend where ACOs that are in the program longer are more likely to earn shared savings and save money overall for Medicare. Results for all 2017 MSSP ACOs are available in an [online](#) public use data file.

Despite the growing track record of ACOs improving quality and saving Medicare money, CMS, in an August 17 proposed [rule](#), proposes to shorten the glide path for new ACOs to assume financial risk, reducing time in a shared savings only model from the current six years to two years. That proposal, coupled with CMS’s proposal to cut shared savings in half—from 50 percent to 25 percent for shared savings only ACOs—would deter new entrants to the Medicare ACO program.

“For providers beginning the transition to risk-bearing models, the double whammy of greater risk for less reward is like putting up a ‘Stop’ sign on the road to value-based care,” Gaus said. “By the most conservative way to evaluate ACO performance using CMS benchmarks, today’s results show that what we have been saying for years — that ACOs are saving Medicare hundreds of millions of dollars, and given sufficient time, one-sided ACOs will return significant savings to the trust funds. When evaluating savings by

rigorous scientific methods as opposed to benchmarks, savings to Medicare by one-sided ACOs are magnitudes greater.”

There is growing data about the savings ACO generate. For example, the June 2018 Medicare Payment Advisory Commission (MedPAC) [report](#) cites notable scientific evaluations that show ACO savings. Further, the administration’s own research shows that ACOs are improving quality, and the longer ACOs are in the program, the greater the quality improvement. For example, the Health and Human Services Office of Inspector General found in 2017 that ACOs outperformed at least 80 percent of fee-for-service providers on important quality measures like reducing hospital readmissions and screening Medicare beneficiaries for risk of falling and depression.

“It’s important to recognize that ACOs have demonstrated value—with both significantly improving quality and reducing Medicare spending growth. While CMS’s proposal includes some positive improvements to the Medicare ACO program, overall we remain concerned that CMS’s proposals will discourage new entrants from beginning the transition to risk-bearing, value-based care,” Gaus said. “We look forward to working with CMS to ensure that the final rule keeps ACOs at the forefront of moving Medicare payment from volume to value.”

Summary of key data points released today by CMS include:

- \$1.1 billion in gross savings
- Gross savings were generated by 60 percent of ACOs
- \$780 million in shared savings bonuses paid to ACOs
- 34 percent of ACOs earned shared savings bonuses
- \$314 million in net savings to Medicare (after accounting for bonuses paid to ACOs)
- A mean quality score of 90.5 percent for ACOs under pay-for-performance measurement

MSSP Cohort (based on start year)	Net Savings to Medicare (after factoring in bonuses paid to ACOs)
2012/2013	+ \$205 million
2014	+ \$173 million
2015	+ \$5 million
2016	- \$34 million
2017	- \$34 million
TOTAL	\$315 million

MSSP Shared Savings Only and Shared Savings/Losses	Net Savings to Medicare (after factoring in bonuses paid to ACOs)
Shared savings only (Track 1)	\$291 million
Shared Savings/Losses (Track 2 and 3)	\$23 million
TOTAL	\$314 million

A market-based solution to fragmented and costly care, the ACO model empowers local physicians, hospitals and other providers to work together and take responsibility for improving quality, enhancing patient experience and reducing waste to keep care affordable. The MSSP creates incentives for ACOs to transform care by allowing them to share in any savings they generate after meeting defined quality and cost goals. CMS now allows ACOs up to six years to prepare for taking financial risk, giving ACOs time to build the infrastructure—the care coordination, information technology and data analytics capabilities—to transform practice and manage financial risk successfully.

“In the U.S. health system, where care is too expensive and quality is inconsistent at best, Medicare ACOs are measurably improving quality and saving Medicare money while maintaining patient choice,” said Gaus, “The Medicare Shared Savings Program is the largest value-based payment model in the country and an essential tool in moving the health system toward better value.”

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About NAACOS. The National Association of ACOs (NAACOS) is the largest association of Medicare ACOs, representing more than 6 million beneficiary lives through 360 MSSP, Next Generation and Commercial ACOs. NAACOS is an ACO member-led and member-owned nonprofit organization that works on behalf of ACOs across the nation to improve the quality of care, population health and outcomes, and health care cost efficiency.