



New ACO Data Show Improved Care, Increased Savings in 2014

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Medicare Accountable Care Organizations (“ACOs”) improved the quality of care they provided and generated financial savings in 2014, according to data recently released by the Centers for Medicare & Medicaid Services (“CMS”).¹ Each year, ACOs are evaluated on a variety of metrics to assess the care they provide. These metrics include patient ratings of doctors, provider communication, and use of Electronic Health Records, among other criteria.² To be eligible for shared savings, ACOs must meet these quality of care standards while also reaching predetermined savings levels.

In 2014, 97 ACOs qualified for shared savings payments of over \$422 million by meeting their quality and savings goals. The 20 ACOs in the Pioneer ACO Model and the 333 in the Medicare Shared Savings Program generated more than \$411 million in total savings. Shared Savings participants (who reported in both 2013 and 2014) improved on 27 of 33 quality measures, and the mean quality score among Pioneer ACOs increased from 85.2 percent to 87.2 percent.

The Pioneer ACOs are early adopters of coordinated care, and they are generally “more experienced, have an established care coordination infrastructure, and assume greater performance-based financial risk.”³ These ACOs were accountable for 622,265 Medicare beneficiaries in 2014—a 2% increase from 2013. Last year was Performance Year 3 for Pioneer ACOs, and the group has achieved significant improvements from Performance Year 1. Total model savings have increased from \$88 million in 2012 to \$120 million in 2014, and the mean quality score has increased by 15.4% since 2012. According to CMS, these results show that ACOs with more experience and familiarity with the program perform better over time.

This trend also held true with Shared Savings Program ACOs. Among those who first enrolled in 2014, 19% generated shared savings.⁴ However, that percentage increased to 27% for ACOs enrolled since 2013 and 37% for those participating since 2012.⁵

CMS views this data as evidence that the ACO model is working, and that providers can further improve their levels of care and savings after more experience with the program. CMS reports “strong interest” from providers in its Shared Savings Program. The application process for the 2016 Program Year closed in August, and CMS will begin notifying applicants of acceptance decisions this fall.⁶

¹ See *Medicare ACOs Provide Improved Care While Slowing Cost Growth in 2014*, CENTERS FOR MEDICARE & MEDICAID SERVICES (Aug. 25, 2015) (available at <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-08-25.html>).

² See *Medicare ACOs Continue to Improve Quality of Care, Generate Shared Savings*, CENTERS FOR MEDICARE & MEDICAID SERVICES (Aug. 25, 2015) (available at <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Press-releases/2015-Press-releases-items/2015-08-25.html>).

³ *Medicare ACOs Provide Improved Care While Slowing Cost Growth in 2014*.

⁴ *Id.*

⁵ *Id.*

⁶ *Shared Savings Program: How to Apply*, CENTERS FOR MEDICARE & MEDICAID SERVICES (available at <https://www.cms.gov/medicare/medicare-fee-for-service-payment/sharedsavingsprogram/application.html>).

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