

## **Medicare Shared Savings (Accountable Care) Program**

The Patient Protection and Affordable Care Act (ACA) instructed the Secretary of Health and Human Services (HHS) to implement, no later than January 1, 2012, a voluntary shared savings program that promotes accountability for services delivered to a defined Medicare fee-for-service (FFS) patient population with the goals of increasing the quality and efficiency of services delivered. On November 2, 2011, the Centers for Medicare and Medicaid Services (CMS) released a final rule defining a Medicare Shared Savings/Accountable Care Organization (ACO) program under Medicare. This is not a demonstration or pilot project. The rule defines a new provider entity, an ACO that can directly contract with CMS. A detailed summary of this program is available at:

[http://www.acponline.org/running\\_practice/delivery\\_and\\_payment\\_models/aco/aco\\_detailed\\_sum.pdf](http://www.acponline.org/running_practice/delivery_and_payment_models/aco/aco_detailed_sum.pdf). A

detailed ACP analysis of the final rule highlighting changes from the proposed rule is available at:

[http://www.acponline.org/running\\_practice/delivery\\_and\\_payment\\_models/aco/rule\\_summary\\_analysis.pdf](http://www.acponline.org/running_practice/delivery_and_payment_models/aco/rule_summary_analysis.pdf).

CMS approved 116 organizations under the Medicare Shared Savings Program in 2012.

### **Who may participate in this Medicare Shared Savings Program?**

Eligible participants consist of groups of providers, referred to as Accountable Care Organizations (ACOs), which have established a mechanism for shared governance and take joint responsibility for the quality and efficiency of the services delivered to a defined population. These provider groups can consist of physician group practice arrangements, networks of individual practices, partnerships and joint-ventures between hospitals and other providers, hospitals employing physicians and other professionals, and other arrangements determined appropriate by the Secretary of HHS.

### **What requirements do ACOs have to meet to qualify for the Medicare Shared Savings program?**

A qualifying ACO has to meet a number of criteria, including:

- A willingness to become accountable for the quality, cost, and overall care of the Medicare FFS beneficiaries assigned to it.
- A willingness to participate in the program for not less than three years.
- A formal legal structure that allows the organization to receive and distribute payments for shared savings to participating providers.
- A sufficient number of primary care physicians and other healthcare professionals to provide services to the number of beneficiaries assigned to the ACO.
- A Medicare FFS population of at least 5,000 beneficiaries.
- A leadership and management structure that includes clinical and administrative systems.
- A set of defined processes to promote evidence-based medicine, patient engagement, care coordination and to report on quality and cost measures.
- An ability to demonstrate that it meets patient-centeredness criteria specified by the Secretary of HHS.

### **How are Medicare payments made to providers participating in the ACO?**

In general, payments under this program are made to providers participating in an ACO under the original Medicare FFS program in the same manner as they would otherwise be made except that a participating ACO is eligible to receive an additional payment for shared savings if specific criteria are achieved. This additional payment will be distributed among the providers within the ACO through a method determined by the specific ACO's governance. Participating entities can also be at risk of sharing in "losses" if the ACO chooses a "two-

sided risk” option, which also provides an increased shared-savings payment potential. The ACA also provides the Secretary of HHS with the option to explore additional ACO payment structures, including capitation.

**What criteria does the ACO have to achieve in order to receive the additional shared savings payment?**

The ACOs are required to meet both quality and Medicare (total of Parts A and B) expenditure savings requirements in order to receive a share of any Medicare savings accrued as a result of the project. The ACOs will have to perform above a defined quality threshold (composed of measures assessing clinical processes and outcomes, patient and caregiver experience of care, and rates of unnecessary care utilization). In addition, the average per capita Medicare expenditures for an ACO’s defined patient population will have to be a percentage (to be determined by the Secretary of HHS) below a risk adjusted expenditure benchmark.

**Has CMS released any additional programs that complement or are related to the Shared Savings/ACO Program?**

CMS’ Center for Innovation has implemented two additional programs that complement the Shared Savings/ACO program. The first is the Pioneer Option Model, which is based on the shared saving/ACO model, but provides for increased program flexibility and allows participants to earn a larger share of obtained savings, as well as be responsible (at risk) for a greater share of any resulting losses. This Pioneer option is geared to those ACO entities that are already providing integrated care, have well-developed infra-structures, and have had substantial experience with risk contracting. A complete description of this program is available at: <http://innovation.cms.gov/Files/fact-sheet/Pioneer-ACO-General-Fact-Sheet.pdf>.

The second implanted program is the Advanced Payment ACO Initiative to assist interested entities in developing the necessary organization and service requirements for participation in the Shared Savings/ACO program. Under this initiative, ACO entities receive upfront payments by CMS based on projections of future savings. This initiative is focused on encouraging the participation of ACOs either composed of small physician practice networks or provider entities within rural settings. A copy of ACP’s comment letter regarding this initiative is available at: [http://www.acponline.org/running\\_practice/aco/adv\\_pay\\_comments.pdf](http://www.acponline.org/running_practice/aco/adv_pay_comments.pdf). A fuller description of this initiative is available at: <http://innovation.cms.gov/Files/fact-sheet/Advanced-Payment-ACO-Model-Fact-Sheet.pdf>

**Is ACP engaged in any activities to help members learn about the ACO structure and payment model and participate in local ACO opportunities?**

Yes. The College is engaging in a number of activities to inform members about the model and assist members interested in participating in local ACO opportunities. The College has approved a set of principles to be used within ACO projects that facilitate the effective participation of physician practices within these organizations. The College has also developed a set of similar “Joint ACO Principles” in collaboration with the American Academy of Family Physicians, the American Academy of Pediatrics and the American Osteopathic Association. These principles, as well as a number of informational articles on the ACO payment and delivery model are available on the ACP ACO website at: [http://www.acponline.org/running\\_practice/aco/](http://www.acponline.org/running_practice/aco/). The College is continuously developing additional educational opportunities and tools to assist practices interested in participating in ACO efforts. These will also be available through the above ACP ACO website.