ACOS AND THE MEDICARE SHARED SAVINGS PROGRAM:

A Primer For Physicians

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- What the new rule means for physicians and physician practices

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- What the new rule means for physicians and physician practices
- Questions

MEDICARE SHARED SAVINGS PROGRAM

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  - Lower growth in expenditures

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    - Providers who do are eligible to receive payments for "shared savings" in addition to normal Medicare FFS payments.
  - Patients are not limited in their choice of providers -- may receive care from physicians and hospitals who do NOT participate in the Program

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  - May offer some risk-sharing reimbursement options in the future (e.g., partial capitation)

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  - **Accountable Care Organizations or "ACOs"**

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- ACO is eligible to receive a portion of the savings the Medicare program achieves for the patient population assigned to the ACO
- ACO distributes any shared savings payments to the participating providers in the ACO
- ACO is held accountable for any losses incurred while participating in the Shared Savings Program

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- Regulation makes **physicians the essential ingredient** in ACOs
  - BUT, infrastructure requirements may make "deep pocket" partners like hospitals a practical necessity
- **Regulation emphasizes role of providers over payors**

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- No need to create new entity to form ACO as long as governance and other requirements are met

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- Must be comprised of an eligible group of ACO participants that work together to manage and coordinate care for Medicare patients

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- Must have a means for distributing shared savings payments to participating providers

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    - More likely to mean proportionate to **number of participants** or **function of participants**

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  - Partnerships or joint venture arrangements between hospitals and ACO professionals

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  - Hospitals employing ACO professionals
- Such other groups of providers of services and suppliers as Secretary of HHS determines appropriate (so far: critical access hospitals)

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- **Hospitals and payors may NOT form ACOs alone** -- must partner with physicians

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  - May participate with one of the 5 groups, but may NOT form on their own

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- Specialists may participate in multiple ACOs

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- ACO participants MUST be enrolled as Medicare providers

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- ACO must have **sufficient number of primary care ACO professionals** for the number of Medicare beneficiaries assigned to it

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- **Physician-directed** quality assurance and process improvement committee

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- Coordination of care (care managers, health information technology, electronic health information exchange)

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  - 50% of ACO's hospital participants must achieve "meaningful use" by start of second performance year

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  - Patient involvement in ACO governance

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- Compliance plan addressing how ACO will comply with applicable legal requirements (including a designated compliance officer and a reporting system)
- 3-year agreement with CMS (each year is a "performance year" during which ACO's success in achieving cost savings and quality targets for ACO's assigned patient population will be measured)

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- "Assignment" means the "operational process by which Medicare will determine whether a beneficiary has chosen to receive a sufficient level of primary care services from physicians associated with a specific ACO so that the ACO may be appropriately designated as exercising basic responsibility for the beneficiary's care"

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  - Whether the ACO meets the 5,000 beneficiary minimum requirement
  - What patients the ACO will **be responsible for** with respect to:
    - **Cost of care**
    - **Quality outcomes**
  - ACO's "score" on these measures will determine **if ACO earns any shared savings payments** and **how much**

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- Does NOT restrict Medicare patient's right to seek care from physician of his or her choice

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- Primary care physicians with large patient panels --- extremely valuable to ACOs in meeting the 5,000 beneficiary minimum

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  - Predefined group of "primary care providers" (internal medicine, family medicine, geriatrics, general practice) from whom the patient is receiving "primary care services" (specified E&M codes and annual wellness visit)

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- Because of freedom of choice, patients may not receive all of their primary care services from the same primary care physician

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- Patients will be notified about ACOs generally and whether the providers they see participate in an ACO

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  - ACO **meets all requirements of its contract** with CMS

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- Initially, ACOs may choose from two different shared savings payment models:
  - "One-Sided Model" (lower potential shared savings payments but no downside risk for losses)
  - "Two-Sided Model" (higher potential shared savings payments but also must share any losses)

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  - Up to 50% of savings above minimum savings threshold paid to ACO (subject to payment cap)

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  - Up to 50% of savings above minimum savings threshold paid to ACO (subject to payment cap)
  - ACO **automatically converted to Two-Sided Model in third year of initial CMS agreement and all subsequent years**

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    - Minimum savings and loss thresholds

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    - Minimum savings and loss thresholds
  - ACO eligible for greater share of savings than in One-Sided Model

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  - Care coordination
  - Patient Safety
  - Preventive Health
  - At-risk population/frail elderly health

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- ACO **must satisfy the minimum quality performance requirements for each domain** in order to be eligible for shared savings payments

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- CMS calculates a performance score for the ACO for each quality measure and for each domain
- ACO **must satisfy the minimum quality performance requirements for each domain** in order to be eligible for shared savings payments
- CMS has proposed a total of **65 quality measures**

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