May webinar

Tuesday, May 24
2:00 to 3:00 p.m. EDT

ACCOUNTABLE CARE ORGANIZATIONS
What the Research Tells Us
Better Health NOW

A campaign of pcc primary care collaborative

#PCCBetterHealthNow

www.pcpcc.org/betterhealthnow
Host & Moderator

MAI PHAM, MD, MPH
President and CEO, Institute for Exceptional Care
Panelists

JONATHAN GONZALEZ-SMITH, MPAFF
Research Associate, Duke Margolis Center for Health Policy

DAVID MUHLESTEIN, PHD, JD
Chief Strategy and Chief Research Officer, Leavitt Partners
Accountable Care Organizations (ACOs): What the Research Tells Us

Jonathan-Gonzalez Smith, MPAff
Duke-Margolis Center for Health Policy
Primary Care Collaborative
Why ACOs?

• **The Problem:** Fee-for-service does not promote efficiency, quality, care coordination, or equity.

• **The Solution:** Payment models (like ACOs) can remove perverse incentives, encourage efficiency, and provide flexibility for innovation.

• **The Challenge:** Payment reform is hard and care transformation is time and resource intensive.
ACOs are one approach to achieving value

Payment Linked to Person, Not Services

<table>
<thead>
<tr>
<th>Traditional</th>
<th>Pay for Performance</th>
<th>Limited</th>
<th>More Complete</th>
</tr>
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<tbody>
<tr>
<td>$</td>
<td>Category 1</td>
<td>Category 2</td>
<td>Category 3</td>
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<tr>
<td>Fee for Service – No Link to Quality &amp; Value</td>
<td>Fee for Service – Link to Quality &amp; Value</td>
<td>APMs Built on Fee-for-Service Architecture</td>
<td>Population-Based Payment</td>
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HCP LAN
Health Care Payment Learning & Action Network

Duke MARGOLIS CENTER for Health Policy
Multiple ACO Programs Implemented by CMS & CMMI

- Pioneer ACO Model
- ACO Investment Model
- Advance Payment ACO Model
- Next Generation ACO Model
- Medicare Shared Savings Program
- Direct Contracting > ACO REACH
Rates of Value-Based Payment Models for All Payers

- Medicare: 42.8%
- Commercial: 35.5%
- Medicare Advantage: 58%
- Medicaid: 35.5%

…But momentum has also slowed
Success takes time

Percentage of ACOs Achieving Shared Savings, by ACO’s Time in MSSP, 2020

Increase in two-sided risk models

Percentage of ACOs Receiving Bonus and Achieving Shared Savings by Risk Level, 2020

Looking ahead: 2022 CMS Strategic Direction

A health system that achieves equitable outcomes through high quality, affordable, person-centered care

- Drive Accountable Care
- Advance Health Equity
- Support Innovation
- Address Affordability
- Partner to Achieve System Transformation

https://innovation.cms.gov/strategic-direction-whitepaper
Takeaways

It takes resources, investments, and time to succeed
Small shifts away from FFS to VBP have small impacts
Multi-payer coordination needed
Transparency and predictability enable confidence
Further work needed to engage patients, focusing on improving access and outcomes while lowering costs
Accountable Care Organizations (ACOs): What the Research Tells Us

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Classification of ACOs

**Full Spectrum Integrated**
All services are provided directly by the ACO. May include one or multiple organizations.

~15% of ACOs  ~27% of Lives

**Independent Hospital**
A single organization that directly provides inpatient care.

~11% of ACOs  ~9% of Lives

**Hospital Alliance**
Multiple organizations with at least one that directly provides inpatient care.

~12% of ACOs  ~11% of Lives

**Independent Physician Group**
A single organization that directly provides outpatient care.

~24% of ACOs  ~20% of Lives

**Physician Group Alliance**
Multiple organizations that directly provide outpatient care.

~16% of ACOs  ~9% of Lives

**Expanded Physician Group**
Directly provides outpatient care and contracts for inpatient care.

~23% of ACOs  ~24% of Lives
Who is Starting ACOs?

ACO Growth

Estimated Covered Lives

Source: Milliman Torch Insight
ACO Growth

ACO Additions

ACO Dropouts

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Physician vs Hospital ACOs

2017 Savings Rate by ACO Type

- **Physician-led**: 1.8%
- **Hospital-led**: 0.9%
- **Physician/Hospital Alliance**: 1.0%
There is wide variation in performance of all types of ACOs.
Utilization impact on savings

<table>
<thead>
<tr>
<th>Services per 1,000 person-years</th>
<th>25th Percentile</th>
<th>75th Percentile</th>
<th>Marginal effect on savings rate when moving from low to high on specified activities</th>
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</thead>
<tbody>
<tr>
<td>Primary Care Services from Primary Care Providers</td>
<td>3,488</td>
<td>4,800</td>
<td>2.5%</td>
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<tr>
<td>Primary Care Services</td>
<td>9,117</td>
<td>11,246</td>
<td>2.0%</td>
</tr>
<tr>
<td>Primary Care Services from Specialists</td>
<td>3,743</td>
<td>5,399</td>
<td>1.7%</td>
</tr>
<tr>
<td>MRI Visits</td>
<td>248</td>
<td>331</td>
<td>0.9%</td>
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<tr>
<td>Primary Care Services from FQHC/RHC</td>
<td>9</td>
<td>141</td>
<td>-1.0%</td>
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<tr>
<td>Provider Visits within 30 Days of Discharge</td>
<td>767</td>
<td>819</td>
<td>-1.3%</td>
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<tr>
<td>Inpatient Discharges</td>
<td>282</td>
<td>359</td>
<td>-1.7%</td>
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<tr>
<td>Primary Care Services from NPs</td>
<td>708</td>
<td>1,416</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Outpatient ED Visits</td>
<td>615</td>
<td>822</td>
<td>-2.0%</td>
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<tr>
<td>Short-term Hospital Discharges</td>
<td>260</td>
<td>328</td>
<td>-2.2%</td>
</tr>
<tr>
<td>SNF Discharges</td>
<td>47</td>
<td>86</td>
<td>-2.9%</td>
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Discussion
Q&A