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## **ACOs Reduced Direct Medicare Spending by \$836 Million in 2016**

*CMS Results Demonstrate Promise of Alternative Delivery and Payment Methods for Improving Care and Reducing Costs*

WASHINGTON (Oct 20, 2017) – Accountable Care Organizations (ACOs) reduced gross Medicare spending by \$836 million in 2016, returning \$70.6 million in net savings to the Medicare Trust Fund according to data on four federal ACO programs quietly released this month by the Centers for Medicare & Medicaid Services<sup>1</sup>.

“These results demonstrate the promise of new models of care delivery and financing for improving patient outcomes and reducing spending,” said David Lansky, chair of the Health Care Transformation Task Force, an industry consortium that brings together patients, payers, providers and purchasers who share a commitment to accelerate the pace of delivery system transformation. “This provides further evidence that we need more, not less, public and private sector investigation of alternatives to traditional fee-for-service medicine.”

The four programs and their reported results were:

- **The Medicare Shared Savings Program (MSSP).** Participants in Medicare’s largest ACO program saved a total of \$652 million. While CMS paid more in shared savings than it saw in net returns, 56 percent of MSSP participants reduced their expenditures, and 31 percent reduced expenditures enough to earn shared savings. MSSP has three different tracks that allow ACOs to select an arrangement that makes the most sense for their organization. Track 1, which offers upside-only financial risk, and Track 2 and 3, which both incorporate upside/downside risk and count as Advanced APMs under the Quality Payment Program (authorized by MACRA).
- **The Next Generation ACO Model (Next Gen).** In the first year of the program, Next Generation ACOs saved \$48M overall, with a net savings to Medicare of \$63M. Eleven of 18 ACOs saved enough to earn a shared savings payment. The Next Gen model offers providers greater

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<sup>1</sup> <https://data.cms.gov/Special-Programs-Initiatives-Medicare-Shared-Savin/2016-Shared-Savings-Program-SSP-Accountable-Care-O/3jk5-q6dr>

opportunities for shared savings in exchange for taking on greater risk. The model sets predictable financial targets, enables providers and beneficiaries greater opportunities to coordinate care, and aims to attain the highest quality standards of care.

- **The Pioneer Accountable Care Organization (ACO) Model.** In the fifth and final year of the program, all 8 Pioneer ACOs produced gross savings of \$61M, with 6 of 8 ACOs reducing spending enough to earn a shared saving payment. The net savings to CMS was \$23M. One of the earliest Medicare ACO models, the Pioneer program was designed for health care organizations and providers that were already experienced in coordinating care for patients across care settings.
- **The Comprehensive ESRD Care (CEC) Model.** The CEC model is designed to evaluate new ways to improve care for Medicare beneficiaries with End-Stage Renal Disease (ESRD), which showed promising results for future specialty ACOs with all 13 participants producing a total of \$75M in savings. The net savings to CMS was \$23.9M, as all but one of the 13 CEC participants earned shared savings.

Total savings are calculated by CMS based on what Medicare would have expected to spend on the beneficiaries covered by the ACO in traditional fee-for-service Medicare. Net savings reflect the total minus shared savings payments to the ACOs for meeting spending targets, and accounting for repayments from ACOs for shared losses.

Barbara Walters, DO, Executive Vice President and Chief Population Health Officer of Task Force member Trinity Health, said, “It is important to note the performance results demonstrate that – on average – both savings and quality are improved the longer an ACO participates in the program. As organizations move down the learning curve and benefit from the substantial investments in delivery transformation, we see our performance continue to improve.”

In a recent report, the HHS Office of the Inspector General found that ACOs participating in the program longer were more likely to reduce spending, and by greater amounts. An analysis of CMS’s PY 2016 Quality and Finance Results shows that MSSP ACOs reporting in 2015 and 2016 improved average performance by over 10 percent on 5 key performance measures.

Task Force member organization Atrius Health, selected as one of 32 original Pioneer ACOs, showed steady improvement in savings to Medicare in each of its five years participating in the Pioneer ACO Model. For the over 25,000 Medicare beneficiaries served by Atrius Health clinicians participating in the Pioneer ACO Model in 2016, Atrius Health saved Medicare \$10.4 million compared to its target, returning \$6.8 million in savings to the organization. It also achieved more than a 95 percent quality score from CMS.

“By knowing our patients well, we are able to provide the right coordinated care that keeps them healthy in the comfort of their homes,” said Richard Lopez, MD, Senior Vice President of Population Health at Atrius Health. “As we continuously strive to innovate care delivery to improve quality, access and convenience, we are delighted to see these efforts reflected in a quality score of over 95 percent. We are proud to help our patients lead happier, healthier lives and look forward to continuing this work.”

Atrius Health showed steady improvement in savings to Medicare in each of its five years participating in the Pioneer ACO Model. Offering evidence that ACOs also are reinvesting their savings to produce continuous improvement, Atrius has applied its savings to investments in care coordination, training, data analytics, information technology, and other resources serving its Medicare beneficiaries and other patients.

Cleveland Clinic ACO's \$42.2 million savings in 2016 represents a 24.5 percent increase from 2015. The ACO will receive \$19.9 million back in shared savings, a 19.8 percent increase over 2015. The number of shared beneficiaries increased by more than 6,500 and the health system's quality score was 96.3 percent.

"The ACO helps to unify our enterprise by bringing together primary care, specialty care and independent participating physicians," said James Gutierrez, M.D., president and medical director of Cleveland Clinic ACO. "The care model is further enabled to manage our patient populations across the whole continuum of care. This validates the work we have done in recent years to provide outstanding quality of care while being better stewards of healthcare resources."

Task Force member Aledade, Inc. partners with primary care physicians to operate ACOs across 15 states and in partnership with more than 240,000 patients in more than 200 practices. During the 2016 performance period, Aledade's ACOs – comprising 142 practices with over 80,000 patients in 11 states – saved Medicare more than \$9.3 million.

"In every Aledade ACO – not just those that earned shared savings—avoidable emergency room visits dropped, readmissions plummeted, preventable hospitalizations from congestive heart failure, pneumonia, and pulmonary disease fell," said Farzad Mostashari, MD, Founder & CEO at Aledade, Inc. "Collectively, our ACOs prevented more than 1,500 hospitalizations. Aledade ACO practices are giving their patients better care – and we hear it in their stories, and we see it in the data."

Arizona Care Network, a physician-led Track 1 ACO co-administered by Task Force member Dignity Health, received an 89.9 percent score for quality of patient care and reduced the cost of Medicare spending by more than \$5.78 million.

"Our care coordination helps ensure that patients, especially the chronically ill, get the right care at the right time, with the goal of avoiding unnecessary duplication of services. This level of coordination is highly effective and reduces costs," noted David Hanekom, MD, ACN's chief executive officer.

In addition to those mentioned above, the following Task Force member organizations successfully lowered Medicare expenditures through the Medicare Shared Savings Program:

- Ascension
  - MissionPoint Health Partners: \$1.64M
  - MissionPoint Evansville, LLC: \$3.26M
- Dignity Health
  - Arizona Care Network: \$5.78M
- Greenville Health System
  - MyHealth First Network, LLC: \$21.7M
- Trinity Health

- Trinity Health Michigan d/b/a St. Mary Mercy Hospital: \$11.4M

Task Force member Fresenius Medical Care successfully lowered Medicare expenditures by \$43.3M and earned \$29.7M in shared savings across six ACOs participating in the Comprehensive ESRD program:

- Fresenius Seamless Care of Philadelphia: \$6.9M
- Fresenius Seamless Care of San Diego: \$10.3M
- Fresenius Seamless Care of Chicago: \$11.2M
- Fresenius Seamless Care of Columbia: \$4.4M
- Fresenius Seamless Care of Dallas: \$8.2M
- Fresenius Seamless Care of Charlotte: \$2.4M

### **About the Health Care Transformation Task Force**

The Health Care Transformation Task Force is an industry consortium that brings together patients, payers, providers and purchasers to align private and public sector efforts to clear the way for a sweeping transformation of the U.S. health care system. Our members are committed to rapid, measurable change, both for ourselves and our country. Our members aspire to having 75 percent of our respective businesses operating under value-based payment arrangements by 2020. To learn more, visit [www.hcttf.org](http://www.hcttf.org).