



## SUCCESS OF THE PIONEER ACO MODEL

### Pioneer ACO model success

In April 2015, the CMS Office of the Actuary (OACT) certified that – if expanded as a permanent part of the Medicare Shared Savings Program – the Pioneer ACO Model would reduce net program spending for Medicare and increase participation in ACOs with shared risk.

1. Pioneer ACOs **reduced Medicare spending relative to the fee-for-service program** and **generated greater relative savings** than Medicare Shared Savings (MSSP) ACOs in the first three years of the program.
2. OACT expected the **expansion of the Pioneer program would increase the overall participation in ACOs** relative to the baseline and that majority of participants would choose the higher risk track.
3. Aspects of the Pioneer ACO model that **positively impacted enrollment include** a higher upside savings potential, the prospective alignment of beneficiaries, payment rule waivers and population-based payments, and flexibility in defining participating providers combinations.

The Health Care Transformation Task Force believes that CMS should prioritize the certification and expansion of effective alternative payment models and create a sustainable payment pathway for providers who have invested in moving out of fee-for-service.

The Center for Medicare & Medicaid Innovation Center designed the [Pioneer Accountable Care Organization \(ACO\) Model](#) for health care organizations and providers experienced in coordinating care for patients across settings. The model was designed to work in coordination with commercial payers by aligning provider incentives to improve quality of care and patient health outcomes.

**The goal of the model was to test whether strong financial incentives for ACOs improve health outcomes and lower expenditures for Medicare fee-for-service beneficiaries.**

**In the first two years of the program, the Pioneer ACO model reduced expected Medicare spending by \$384 million, with \$279.7 million saved in the first performance year alone.**

- Beneficiaries aligned to Pioneer ACOs received enhanced [engagement](#) from care managers, community-based organizations, and primary care providers
- Compared with other Medicare beneficiaries, those aligned to the Pioneer-ACO [reported](#) higher mean scores for timely care and clinician communication in the first two years of the model
- Differences in emergency department (ED) visits and inpatient admissions through the ED were [statistically significant](#) and either decreased more or increased less in 2012 and 2013
- The Pioneer ACO made [progress](#) in improving the health of the Medicare population, reduced health care costs and catapulted the movement to a value-based, wellness-focused health system

**The success of the Pioneer ACO demonstration resulted in its certification for permanent inclusion in Medicare. The core of the Pioneer ACO model created a new ACO track under the MSSP program and informed the creation of the Next Generation ACO model.**

## Breaking Down the Different Evaluations of Model Savings

The Pioneer ACO Model resulted in shared savings for CMS during each of the model performance years. The table below shows the total annual performance-based savings, which is the amount of savings produced compared to the benchmark and serves as a basis to determine shared savings payments to ACOs. The increase in the percent of benchmark savings over time proves that organizations need time to effectively deploy and manage these models, and that savings grow as providers gain experience.

Source: [CMMI Pioneer ACO Model Performance Year quality and financial results](#)

Performance Year	Total ACOs	Beneficiaries covered	Total savings	Total savings as a percentage of benchmark	Shared savings payments to ACOs
2016	8	269,528	\$60.9 million	1.80%	\$37.1 million
2015	12	461,422	\$37.2 million	0.68%	\$36.5 million
2014	20	622,265	\$119.6 million	0.017%	\$72.5 million
2013	23	607,945	\$96.1 million	0.013%	\$55.5 million
2012	32	668,002	\$92.2 million	0.012%	\$74.7 million

An evaluation that considers counterfactual trend, inclusive of discounts and other savings, helps to determine what models and model elements are successful and should be expanded. The independent evaluation by L&M Policy research on behalf of CMS [found](#) that the Pioneer ACO model reduced spending by \$384 million in the first two years by comparing trend for aligned ACO beneficiaries against those not aligned.

Both the performance-based savings and independent evaluations are conducted for every CMMI model, and both are considered by OACT to determine if a model will be [expanded](#). According to the [June 2018 MedPAC report](#), OACT conducted a market-level analysis which compared fee-for-service (FFS) spending growth in markets with substantial MSSP and Pioneer participation with markets that had limited ACOs and found that FFS spending growth declined more in Pioneer ACO markets. The OACT assessment results, in combination with the performance-based savings evaluations and counterfactual trend evaluations, certified the Pioneer ACO model for expansion. The model was expanded through rulemaking to be part of the Medicare Shared Savings Program.

### Resource Links

Model Evaluations Prepared by L&M Policy Research for CMS

- [Effect of Pioneer ACOs on Medicare Spending in the first year](#)
- [Pioneer ACO Evaluation Findings from Performance Years One and Two](#)
- [Pioneer ACO Final Report](#)



Established in 2014, the Health Care Transformation Task Force brings together patients, payers, providers, and purchaser representatives to act as a private sector driver, coordinator, and facilitator of delivery system transformation. In addition to serving as a resource and shared learnings convener for members, the Task Force is also a leading public voice on value-based payment and care delivery transformation.