Accountable Care Organizations

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Our Focus

*California Health Advocates*

*provides quality Medicare and related healthcare coverage information, education and policy advocacy.*

[www.cahealthadvocates.org](http://www.cahealthadvocates.org)

- **Policy** – Conduct public policy research to support recommendations for improving rights and protections for Medicare beneficiaries and their families

- **Training** – Provide timely and high-quality information on Medicare through our website, fact sheets, workshops and webinars

- **Advocacy** – Bring the experiences of Medicare beneficiaries to the public, and especially legislators and their staff at federal and state levels, through media and educational campaigns
Our Projects

- **Senior Medicare Patrol, 1-855-613-7080**
  - Empowering Seniors to Prevent Fraud

- **Counseling Tools**
  - Fact sheets
  - Comparison charts

- **California Medicare Coalition**
  - Provides a forum for all who serve Medicare beneficiaries to get updates on Medicare and to improve education and outreach
What is an ACO?

ACOs are: networks of physicians and providers who are held accountable for the cost and the quality of the full continuum of care delivered to a specific group of patients.
What preceded ACOs?

- Traditional pay for service models
- 1970’s: some attempts by physician groups and some joint ventures by physicians and hospitals to act as health insurers
- 1980’s-1990s: growth of HMOs
Medicare ACOs

- Established by Section 3022 of the Affordable Care Act
- Added section 1899 to the Social Security Act
  - Requires the HHS Secretary to establish a Shared Savings Program
Not later than January 1, 2012, the Secretary shall establish a shared savings program that promotes accountability for a patient population and coordinates items and services under parts A and B, and encourages investment in infrastructure and redesigned care processes for high quality and efficient service delivery.
Shared Savings Program to Accountable Care Organizations

On October 20, 2011:

- CMS finalized rules under the Affordable Care Act to help health care providers better coordinate care for Medicare patients through Accountable Care Organizations, or ACOs
Purpose of a Medicare ACO

The ACO will be held accountable for:

- Improving the health and experience of care for individuals, and
- Improving the health of populations while reducing the rate of growth in health care spending
Medicare ACO

- Will be a patient-centered organization where patients and providers are true partners in care decisions
- ACO must agree to accept a specific number of fee-for-service beneficiaries
- ACO agrees to participate for at least 3 years

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Medicare ACO Programs

- Pioneer ACO model
  - For experienced organizations
- Medicare Shared Savings Program
  - ACO shares in savings or savings & loss
- Advance Payment Initiative
  - Provides additional support to physician-owned and rural providers
Pioneer ACOs

- For health care organizations and providers already experienced in coordinating care for patients across care settings.
- First performance period began January 1, 2012.
Pioneer ACO Payments

- Years 1 and 2 test a shared savings and shared loss payment arrangement.
- Savings are measured against the ACO’s benchmark which is based on previous CMS expenditures for beneficiaries aligned to the Pioneer ACO.
If the Pioneer ACO shows savings in Year 1 and 2, it is eligible to move to a population-based payment model in Year 3.

This is a per-beneficiary per month payment that will replace some or all of the ACO’s FFS payments with a prospective monthly payment.
Medicare Shared Savings Program

- Allows providers who voluntarily agree to work together to coordinate care and meet certain quality standards to share in any savings they achieve for the Medicare program.

- For ACOs that agree to also share in losses, they may receive a greater share of any savings.
Assignment of Medicare Fee-for-Service Beneficiary to ACOs:

The Secretary shall determine an appropriate method to assign Medicare fee-for-service beneficiaries to an ACO based on their utilization of primary care services provided under this title by an ACO professional (Section 1899 (c))
Alignment of Beneficiaries

- Beneficiaries are aligned to ACOs by CMS based on
  - Healthcare providers that choose to participate in the ACO
  - And where the beneficiary receives the plurality of his/her primary care
Measurements of Success

- Reduction in patient costs
  - Comparison of overall patient costs and whether coordinated care leads to program savings or program loss
  - AND

- Improvements in Quality
  - Initially, based on 33 measurements, obtained through survey or claim data
ACO Quality Measurements

- 7 Patient/caregiver experience measures
- 6 Care coordination/patient safety measures
- 8 Preventive health measures
- 12 measures for the At-Risk Population
Notice to Beneficiaries

- Final Rule requires providers participating in an ACO to notify beneficiaries they are participating in an ACO.
- As a result, the notice a beneficiary receives will come from the ACO and not directly from CMS.

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Beneficiary’s Claim Information

- Final rule requires providers participating in an ACO to notify beneficiaries that their claim data may be shared with the ACO at the ACO’s request
  - Purpose – make it easier to coordinate care
- Beneficiary is given opportunity to decline data sharing arrangements

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Confusion Concerning the Notice

- After the first round of mailings the SMP received many calls
- Beneficiaries were extremely confused by the lengthy document
- Understanding the contents to counsel beneficiaries is imperative.
Beneficiary Protections

- Beneficiary retains all current Medicare rights, including freedom of choice of providers
- Provider MAY NOT require a beneficiary to receive services from another provider or supplier in the same ACO
- Beneficiary may receive services from any provider or hospital that accepts Medicare fee-for-service patients
Pioneer ACO vs Shared Savings ACO

- In year 1 and 2, Pioneer ACO model have higher levels of savings and risk
- In year 3, Pioneer ACO can move to a population-based payment, with an optional year 4 and 5
- Pioneer ACOs are required to develop similar outcomes-based payment arrangements with other payers by the end of year 2
Current Status of ACOs

- 32 Pioneer ACOs have been authorized by CMs
- 6 Pioneer ACOs were awarded in California
- Awards were effective January 1, 2012
Under the Medicare Shared Savings Program, 27 ACOs entered into agreements with CMS

- 5 of the 27 ACOs are participating in the Advance Payment ACO model
- 2 of the 27 ACOs are in California
- These agreements were effective April 1, 2012
As of April 1, over 1.1 million beneficiaries are now part of an ACO.

The April 1 selected ACOs include more than 10,000 physicians, 10 hospitals and 13 smaller physician-driven organizations in both urban and rural areas.

CMS is reviewing 150 more applications for a July 1 start in the Shared Savings Program.
California Pioneer ACOs

- Brown & Toland Physicians
  - San Francisco Bay Area
- Healthcare Partners Medical Group
  - Los Angeles and Orange Counties
- Heritage California ACO
  - Southern, Central and Coastal CA
California Pioneer ACOs continued

- Monarch Healthcare
  - Orange County
- Primecare Medical Network
  - San Bernardino & Riverside Counties
- Sharp Healthcare System
  - San Diego county
California Medicare Shared Savings Program ACOs

- **AppleCare Medical ACO, LLC**
  - Buena Park, CA
    - Los Angeles and Orange Counties
- **Premier ACO Physician Network**
  - Lakewood, CA
    - Long Beach and Orange Counties
QUESTIONS??
Contact Information

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