

CMS NEWS

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Pioneer Accountable Care Organizations succeed in improving care, lowering costs

Model is part of broader HHS efforts to reform the delivery of health care

Today, the Centers for Medicare & Medicaid Services (CMS) announced positive and promising results from the first performance year of the Pioneer Accountable Care Organization (ACO) Model, including both higher quality care and lower Medicare expenditures. Made possible by the Affordable Care Act, the Pioneer ACO Model encourages providers and caregivers to deliver more coordinated care for Medicare beneficiaries. This model, launched by the CMS Innovation Center, is part of the Affordable Care Act's efforts to realign payment incentives, promoting high quality, efficient care for Medicare beneficiaries. ACOs, including the Pioneer ACO Model and the Medicare Shared Savings Program, are one way CMS is providing options to providers looking to better coordinate care for patients and use health care dollars more wisely.

“These results show that successful Pioneer ACOs have reduced costs for Medicare and improved the quality of care for their patients,” said CMS Administrator Marilyn Tavenner. “The Affordable Care Act has given us a wide range of tools to realign payment incentives in Medicare and Medicaid, and these efforts are already paying off.”

Earlier this year, the Medicare Trustees Report found that growth in Medicare spending has slowed and is projected to continue growing slowly over the next several years. From 2010 to 2012, Medicare spending per beneficiary grew at 1.7 percent annually, more slowly than the average rate of growth in the Consumer Price Index, and substantially more slowly than the per capita rate of growth in the economy. In 2012, readmissions for Medicare patients dropped significantly, with an estimated 70,000 readmissions avoided due to a variety of new incentives for hospitals to keep patients well and avoid these costly events.

Pioneer ACO Savings

Costs for the more than 669,000 beneficiaries aligned to Pioneer ACOs grew by only 0.3 percent in 2012 where as costs for similar beneficiaries grew by 0.8 percent in the same period. 13 out of 32 pioneer ACOs produced shared savings with CMS, generating a gross savings of \$87.6 million in 2012 and saving nearly \$33 million to the Medicare Trust Funds. Pioneer ACOs earned over \$76 million by providing coordinated, quality care. Only 2 Pioneer ACOs had shared losses totaling approximately \$4.0 million. Program savings were driven, in part, by reductions that Pioneer ACOs generated in hospital admissions and readmissions.

Pioneer ACO Quality

All 32 Pioneer ACOs successfully reported quality measures and achieved the maximum reporting rate for the first performance year, with all earning incentive payments for their reporting accomplishments. Overall, Pioneer ACOs performed better than published rates in fee-for-service Medicare for all 15 clinical quality measures for which comparable data are available. (Seven measures had no comparable data in the published literature.) Examples of the high quality care provided by the Pioneer ACOs include:

- Readmissions: 25 of 32 Pioneer ACOs generated lower risk-adjusted readmission rates for their aligned beneficiaries than the benchmark rate for all Medicare fee-for-service beneficiaries.
- Blood Pressure Control: Pioneer ACOs performed better on clinical quality measures that assess hypertension control for patients. The median rate among Pioneer ACOs on blood pressure control among beneficiaries with diabetes was 68 percent compared to the comparison value of 55 percent as measured in adult diabetic population in 10 managed care plans across 7 states from 2000 to 2001.
- Cholesterol Control for Diabetes Patients: Pioneer ACOs performed better on clinical quality measures that assess low density lipoprotein (LDL) control for patients with diabetes. The median rate among Pioneer ACOs for LDO control among beneficiaries with diabetes was 57 percent compared to 48 percent in an adult diabetic population in 10 managed care plans across 7 states from 2000 to 2001.

Pioneer ACOs have taken tangible steps to improve care while lowering costs. For instance:

- Banner Health Network dispatches hospital-trained nurses to patients' homes to do whatever the patient needs — manage prescription drugs, take blood-sugar readings, teach healthy eating habits or even arrange delivery of a motorized wheelchair.
- Monarch HealthCare ACO offers Care Coordination, a service for beneficiaries who need assistance with coordinating the medications and many care visits associated with having multiple diagnoses. In one case a Monarch ACO patient was given conflicting medication advice from her OB/GYN and primary care physician. A care coordination pharmacist was able to review her records, walk through options with her, and outline the timing, benefits, and likely side effects of each regimen.

In addition, Pioneer ACOs were rated higher by ACO beneficiaries on all four patient experience measures relative to the 2011 Medicare fee-for-service results.

Other Information

7 Pioneer ACOs that did not produce savings have notified CMS that they intend to apply to the Medicare Shared Savings Program – another ACO model. 2 Pioneer ACOs have indicated to CMS their intent to leave the program. Overall, more than 250 organizations participate in the Pioneer ACO Model and the Medicare Shared Savings Program, serving 4 million Medicare beneficiaries, and more ACOs can join the Shared Savings Program each January.

CMS anticipates having Medicare Shared Savings Program first year results later this year.

To learn more about the Pioneer ACO Model, visit <http://innovation.cms.gov/initiatives/Pioneer-ACO-Model/>.

For more information on the models available to providers, or the new incentives in the Affordable Care Act that have been lowering costs and improving care, please visit: <http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-Sheets/2013-Fact-Sheets-Items/2013-02-28.html>.

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