

FACT SHEET

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Contact: CMS Media Relations
(202) 690-6145

CMS names 89 new Medicare Shared Savings Accountable Care Organizations

On July 9, 2012, the Centers for Medicare & Medicaid Services (CMS) announced the selection of 89 additional Accountable Care Organizations (ACOs) to participate in the Medicare Shared Saving Program. The selected organizations will take responsibility for coordinating care for nearly 1.2 million beneficiaries in 40 States and Washington, D.C. In total, there now are 154 organizations participating in Medicare shared savings initiatives, serving over 2.4 million Medicare patients across the country.

All ACOs that succeed in reducing the rate of growth in the cost of care while providing high quality care may share in the savings to Medicare. To ensure high quality of care, ACOs will report performance on 33 measures relating to care coordination and patient safety, use of appropriate preventive health services, improved care for at-risk populations, and patient and caregiver experience of care.

Five of the ACOs announced today applied for a version of the program that allows them to earn a higher share of any savings by also being held accountable for a share of any losses if the costs of care for the beneficiaries assigned to them increase.

Participation in an ACO is purely voluntary for providers. Because the Shared Savings Program is part of the original Medicare fee-for-service program, beneficiaries served by these ACOs will continue to have free choice about the care they receive and from whom they seek care, without regard to whether a particular provider or supplier is participating in an ACO.

Descriptions of the participating ACOs are appended to this Fact Sheet.

Background on the Shared Savings Program:

Section 3022 of the Affordable Care Act added a new section 1899 to the Social Security Act that requires the Secretary to establish the Shared Savings Program. The program is intended to encourage physicians and other providers of Medicare-covered services and supplies (e.g., hospitals and others involved in patient care), to create a new type of health care entity, an ACO, that agrees to 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. Studies have shown that better care often costs less, because coordinated care helps to ensure that the patient receives the right care at the right time, partly because patients avoid unnecessary duplication of services and dangerous medical errors.

On Nov. 2, 2011, CMS published a final rule in the *Federal Register* establishing the Shared Savings Program. The final rule addressed issues relating to eligibility, governance, beneficiary rights,

quality measures and performance scoring, and CMS monitoring of ACO operations. At the same time, the Innovation Center announced an Advance Payment ACO Model to test whether providing advance payments from anticipated savings could encourage certain rural and physician-based entities to apply to participate in the program, thereby increasing the speed at which ACOs can improve care for beneficiaries and generate Medicare savings.

In conjunction with the final rule, the Office of Inspector General of the Department of Health and Human Services, the Department of Justice, the Federal Trade Commission, and the Internal Revenue Service issued separate documents addressing a variety of legal issues as they apply to the Shared Savings Program. These included the interaction of the Shared Savings Program with the federal anti-kickback, physician self-referral, civil monetary penalty (the fraud and abuse laws) and antitrust laws, as well as the Internal Revenue Code regarding the tax implications for nonprofit entities seeking to participate in ACOs. The final rule, the notice of the Advance Payment ACO Model, and the final waivers in connection with the Shared Savings Program were published in the Nov. 2, 2011 *Federal Register*.

CMS also announced that, beginning this year, new ACO applications will be accepted annually. The application period for organizations that wish to participate in the Shared Savings Program beginning January 2013 is from August 1 through September 6, 2012. More information, including application requirements, is available at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/Application.html>

More information about all ACO initiatives at CMS can be found at:
<http://www.cms.gov/aco>

More information about the Shared Savings Program can be found at:
<http://www.cms.hhs.gov/sharedsavingsprogram/>

Links to the statute, regulations, and guidance regarding the final rule, including the guidance issued by the federal agencies listed above can be found at:
http://www.cms.gov/SharedSavingsProgram/30_Statutes_Regulations_Guidance.asp