

PRESS RELEASE

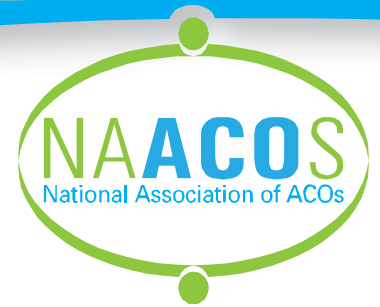
September, 17, 2014, Washington DC

National Association of ACOs Comments on Medicare Final First Year ACO Results

The National Association of ACOs is pleased that the hard work of the nation's Accountable Care Organizations (ACOs) has improved quality for Medicare patients and produced significant savings for the Medicare trust fund as announced yesterday by CMS. NAACOS is especially pleased the data show Medicare beneficiaries are almost uniformly receiving higher quality care as a result of the ACOs' work. We are also pleased the taxpayer has saved money and the overall system is responding to the need to improve health and reduce costs. However, only 53 of the 220 Medicare Shared Savings (MSSP) ACOs will receive payments for their success and recoup some portion of their investment. In total, hundreds of organizations with thousands of doctors, hospitals and other healthcare providers have invested over \$1 billion of their money in the ACO program but have received only \$372 million in return. NAACOS CEO, Clif Gaus said, "This raises serious questions about the sustainability of the program under the current rules. With Medicare cost growth at a record low, now is the time for the government to invest in and support the long-term goal of a national ACO network and not just take, or be satisfied with, savings from a minority of ACOs at the risk of the majority of ACOs abandoning the program."

The ACO program was developed with, and continues to receive, strong bi-partisan support and is considered to be the most promising opportunity to improve patient outcomes and reduce healthcare costs. NAACOS believes there is substantial room for improvement and is committed to working with CMS and the Congress to help the program succeed. We are especially concerned that 52 additional ACOs contributed to the program savings but government rules do not allow them to share in the savings they produced.

In total, 167 ACOs will receive no return on their investment. Consequently, they will struggle to stay in the program. We understand the ACO program is in its infancy and redesigning healthcare is a long-term commitment that we intend to continue supporting,



however, we believe a number of the program parameters need to be adjusted. We hope to work with CMS and the Congress to:

- Change the way patients are attributed to the ACO and bring stability to the population the ACO is serving;
- Strengthen the relationship of the Medicare beneficiary with their ACO physician;
- Improving the formula for risk adjusting and setting the savings targets;
- Account for the fact that in some communities the costs of care are well below the national average, and for them, it is even more difficult to achieve savings;
- Improve the clinical and claims data ACOs receive to improve care; and
- Recognize that quality of care varies from community to community and while achieving a uniform high standard of care is the goal, in the interim, allow for regional differences and allow ACOs to receive savings if their overall quality of care is improved year over year.

Clif Gaus, CEO, commented, “ACOs are still the most promising solution to improving quality and lowering healthcare costs and we hope to work with the Administration to make adjustments to the program so that more ACOs can financially survive and grow in number.”

Contact:

David Introcaso

dintrocaso@naacos.com

202-907-7426