

ACOs & Cost Savings



How Do ACOs Save Money?

By making clinicians financially accountable for patients' spending, ACOs encourage doctors to, for example, manage patients' chronic diseases, improve access to primary care to eliminate expensive trips to the emergency department, better coordinate care between primary care and specialists, help ensure proper care transitions when patients are released from the hospital, and many other issues. By doing these things, care is improved, and savings are returned to Medicare.

How Much Money Have ACOs Saved?

Since 2012, ACOs have saved Medicare \$13.3 billion, according to CMS data. After accounting for shared savings payments for hitting spending and quality targets, ACOs have saved \$4.7 billion. 2020 was the fourth straight year the Medicare Shared Savings Program (MSSP), Medicare's largest ACO model, delivered net savings to Medicare. Learn more about this growing body of evidence with the [NAACOS resource](#).

How Do ACOs Use Shared Savings Payments?

In 2020 alone, ACOs saved Medicare \$4.1 billion compared to their benchmarks, which are CMS-set financial targets. In return, CMS paid ACOs \$2.3 billion in shared savings payments for their work. ACOs reported to CMS that the top ways to use savings were supporting ACO physicians and hospitals (56 percent), investing in ACO infrastructure (23 percent), and investing in care redesign (18 percent).

How is quality guaranteed?

If quality standards aren't met, the ACO is denied shared savings regardless of how much they lowered costs. This requirement promises that ACOs aren't simply denying care in order to lower spending. Even for ACOs that meet those quality standards, shared savings rates are adjusted for quality, incentivizing higher quality care.

Don't take our word for it:

"The 2020 Shared Savings Program results continue to demonstrate the impact ACOs have in improving quality and lowering health care costs," – **CMS Administrator Chiquita Brooks-LaSure**, [August, 25 2021](#).

"Value-based care programs, like ACOs, continue to show significant promise as sustainable care models to reduce costs and improve quality for seniors," – **U.S. Rep. Suzan DelBene (D-Wash.)**, [July 21, 2021](#).

"To date, ACOs have generated modest savings, with most evaluations estimating 1 percent to 2 percent reductions in spending from existing ACO models," – **Medicare Payment Advisory Commission**, June 2020 [Report](#).

"Accountable care means less fragmentation for patients by rewarding providers when they deliver high-quality, coordinated, team-based care that proactively promotes health," – **Health Affairs Forefront blog from CMS Leadership**, [Aug. 12, 2021](#).