



Improving Care in Local Communities: MSSP ACOs

Moving from volume-driven fee-for-service payment to value-based payment that rewards better patient outcomes and lower costs is key to getting more out of our health care system. The accountable care organization (ACO) model is a market-based solution to fragmented and costly care that empowers local physicians, hospitals, and other providers to work together and take responsibility for improving quality, enhancing patient experience, and keeping costs down. Importantly, the ACO model maintains patient choice of clinicians and other providers.

The Medicare Shared Savings Program (MSSP) is Medicare's largest value-based payment model. ACOs take accountability for all of their assigned patients' medical spending over the course of a year. MSSP allows ACOs to share in savings with Medicare if the ACO achieves quality goals and controls spending. Over time, the MSSP, a voluntary program, requires ACOs to share in losses—or take financial risk—if spending for patient care increases beyond a benchmark target.

All Health Care is Local

Health care is organized and delivered in local communities, which vary a great deal in size, socio-demographics, costs, and how providers organize and deliver care. Some local markets are further along than others in breaking down the siloes that cause fragmented care and building capabilities to integrate care, manage risk and deliver high-quality care at an affordable cost. The MSSP is the largest value-based payment model in the country moving providers toward financial risk. About 450 MSSP ACOs were caring for nearly 11 million beneficiaries as of [January 2023](#). Hundreds more commercial and Medicaid ACOs serve millions of additional patients.

ACO Quality and Cost Savings

MSSP ACOs are improving care for millions of beneficiaries across the country and saving Medicare money. Since 2012, ACOs, including those in the MSSP and multiple ACOs out of the CMS Innovation Center have saved Medicare more than **\$21 billion and more than \$8 billion** after accounting for shared savings payments, shared loss payments, and discounts to CMS. The Congressional Budget Office [projects](#) that federal spending on Medicare and Medicaid was **9 percent lower in 2022** than originally projected in part because of improved care management resulting from ACOs. The [Health and Human Service Inspector General](#) notes that ACOs outperformed non-ACOs on **81 percent of quality measures**. ACOs have a significant positive impact on access to care, flu shots, fewer ED visits and fewer acute admissions.

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