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Medicare Shared Savings Program Performance Year 2017 Financial and Quality Reports Walk Through and Performance Results Overview

For ACOs Reconciled in Performance Year 2017

August 30, 2018

Medicare Shared Savings Program

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Agenda

- Introduction
- Performance Year (PY) 2017 Quality Performance Results Overview
- PY 2017 Financial Performance Results Overview
- Financial Reconciliation Report Walk Through



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Introduction

- PY 2017 Final Report Timeline
- Summary of ACOs Reconciled in PY 2017



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PY 2017 Final Report Timeline

- On August 14, 2018, CMS delivered embargoed PY 2017 Quality Performance and Financial Reconciliation Reports and accompanying reports and files.
 - **Quality reports:** Quality Performance Report; Consumer Assessment of Healthcare Providers & Systems (CAHPS) Performance Report; ACO-11 Detailed Report
 - **Financial reports:** Financial Reconciliation (Settlement) Report; Aggregate Expenditure/Utilization Report; Assignment List Report; Assignment Summary Report; Non-Claims-Based Payment (NCBP) data file
- On August 30, 2018, CMS delivered unembargoed versions of the Quality Performance and Financial Reconciliation Reports and released the PY 2017 Shared Savings Program ACO Public Use File (PUF).
- Reports are accessible through your ACO's Managed File Transfer (MFT) mailbox for 30 days from delivery date and through the Shared Savings Program ACO Portal indefinitely.
- We anticipate processing shared savings payments in September 2018. ACOs eligible for shared savings payments based on PY 2017 results, please confirm your banking information is current and accurate immediately to ensure timely payment.

Summary of ACOs Reconciled in PY 2017

Start Date	Agreement Period (AP), PY	Total ACOs	Track 1	Track 2	Track 3	Benchmark Years
April 2012 (2016 Renewal)	AP2 PY2	15	12	1	2	2013, 2014, 2015
July 2012 (2016 Renewal)	AP2 PY2	48	44	0	4	2013, 2014, 2015
January 2013 (2016 Renewal)	AP2 PY2	62	57	1	4	2013, 2014, 2015
January 2014 (2017 Renewal)	AP2 PY1	73	67	1	5	2014, 2015, 2016
January 2014 (Deferred Renewal)	AP1 PY4	6	6	0	0	2011, 2012, 2013
January 2015	AP1 PY3	76	76	0	0	2012, 2013, 2014
January 2016	AP1 PY2	96	94	0	2	2013, 2014, 2015
January 2017	AP1 PY1	96	77	3	16	2014, 2015, 2016
Total	-	472	433	6	33	-

Performance Year 2017 Quality Performance Results

- Overview of Quality Measurements Approach
- Quality Improvements
- Overview of Quality Performance Results



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Overview of Quality Measurement Approach

- 31 quality measures serve as the basis for assessing ACO quality performance.
- Performance on these measures can impact the amount of shared savings an ACO may earn and or the amount of shared losses which they may owe.
- The measures are separated into the following four domains:
 - Patient/Caregiver Experience
 - Care Coordination/Patient Safety
 - Preventive Health
 - At-Risk Population

Overview of Quality Performance Approach

- ACO quality assessment phases in from pay-for-reporting to pay-for-performance over the course of an ACO's participation in the Shared Savings Program:

	Performance Year 1 (2017 starter)	Performance Year 2 (2016 starter)	Performance Year 3 and beyond (All other ACOs)
Pay-for-Performance Measures	0	17	24
Pay-for-Reporting Measures	31	14	7
Total Number of Measures	31	31	31

Overview of Quality Performance Results

- Ninety-nine percent of ACOs satisfactorily reported all required quality measures.

	2012	2013	2014	2015	2016	2017
Met Quality Performance Standard	109 (96%)	214 (97%)	322 (97%)	388 (98%)	428 (99%)	468 (99%)
Did not Meet Quality Performance Standard	5 (4%)	6 (3%)	11 (3%)	9 (2%)	4 (1%)	4 (1%)
Total Number of ACOs	114	220	333	397	432	472

- ACOs earned an average quality score of 90 percent on measures subject to pay for performance in Performance Year 2017.

Quality Improvement Reward

- Ninety-three percent of ACOs participating in both 2016 and 2017 received bonus points for quality performance improvement.
- Bonus points for quality performance improvement increased quality scores by an average of 5 percentage points.
- Majority of ACOs earned bonus points for quality performance improvement in the Preventive Health and At-Risk Population domains.

PY 2017 Financial Performance Results Overview

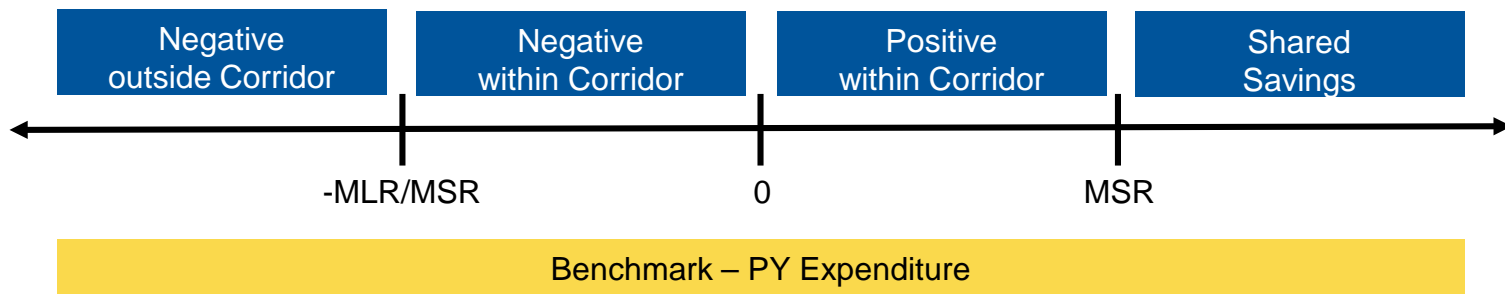
- Financial Performance Categories
- Selected Results



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Financial Performance Category Definitions

- Shared Savings
 - Benchmark minus PY expenditures \geq minimum savings rate (MSR)
- Positive within Corridor
 - Benchmark minus PY expenditures > 0 and $< \text{MSR}$
- Negative within Corridor
 - Benchmark minus PY expenditures < 0 and $>$ negative MSR (-MSR) for Track 1 or minimum loss rate (MLR) for Track 2 and Track 3
- Negative outside Corridor
 - Benchmark minus performance year expenditures $\leq -\text{MSR}$ for Track 1 or MLR for Track 2 and Track 3



PY 2017 saw higher share of ACOs with shared savings than prior years

Performance category by performance year, PY1 - PY 2017

Performance Year	Number of ACOs	Shared Savings	Positive w/in Corridor	Negative w/in Corridor	Negative outside Corridor
PY 2017	472	34%	26%	22%	17%
PY 2016	432	31%	25%	24%	20%
PY 2015	392	31%	21%	22%	26%
PY 2014	333	28%	27%	26%	20%
PY1	220	26%	27%	27%	20%

Source: RTI analysis of PY1, PY 2014, PY 2015, PY 2016, and PY 2017 financial reconciliation data.

Notes: PY1 results cover the 21-month period (4/1/2012- 12/31/2013) for April 2012 starters, the 18-month period (7/1/2012- 12/31/2013) for July 2012 starters and CY 2013 for January 2013 starters.

Total earned performance payments and losses for PY 2017

- ACOs with savings earned shared savings payments totaling \$799.4 million
- Track 2 and 3 ACOs negative outside corridor owe shared losses of \$18.6 million.

National update factors were positive for all ACOs

- Growth in national FFS per capita expenditures for assignable beneficiaries was positive for all enrollment types for all ACOs subject to national update factors
 - Per capita expenditures for the largest eligibility category—Aged/Non-dual—increased by about 3.1% over 2016 spending.
 - Aged/Dual and Disabled both grew at similar rates (2.5% and 3.3%, respectively), whereas ESRD grew by only 0.5% over 2016.
- Regional updates were positive for the majority of 2017 renewals
 - 97.3% had a positive update for Aged/Non-dual, 90.4% for Disabled, 71.2% for Aged/Dual, and 60.2% for ESRD.
 - Average changes in regional expenditures from 2016 to 2017 across all 2017 renewals were comparable to national trends (Aged/Non-dual: 3.2%, Aged/Dual: 2.7%, Disabled: 3.3%, ESRD: 0.8%).

New policies mitigated potential negative effects of natural disasters for affected ACOs

- The December 2017 Interim Final Rule with Comment period included policies for ACOs affected by extreme and uncontrollable circumstances (i.e., natural disasters) in 2017
- ACOs with $\geq 20\%$ of assigned beneficiaries residing in impacted counties or ACO legal entity located in such an area received the higher of their ACO reported quality score or the mean Shared Savings Program ACO quality score.
 - 62 of 117 disaster-affected ACOs received the mean quality score as a result of the policy, including 31 ACOs with shared savings.
- Shared losses for performance-based risk ACOs were adjusted for the percentage of the ACO's assigned beneficiaries residing in impacted counties and the length of the emergency declaration.
 - All 11 ACOs with shared losses received an adjustment reducing aggregate amount owed by over \$640,000 (3.3%).

ACO performance tends to increase with experience in the program

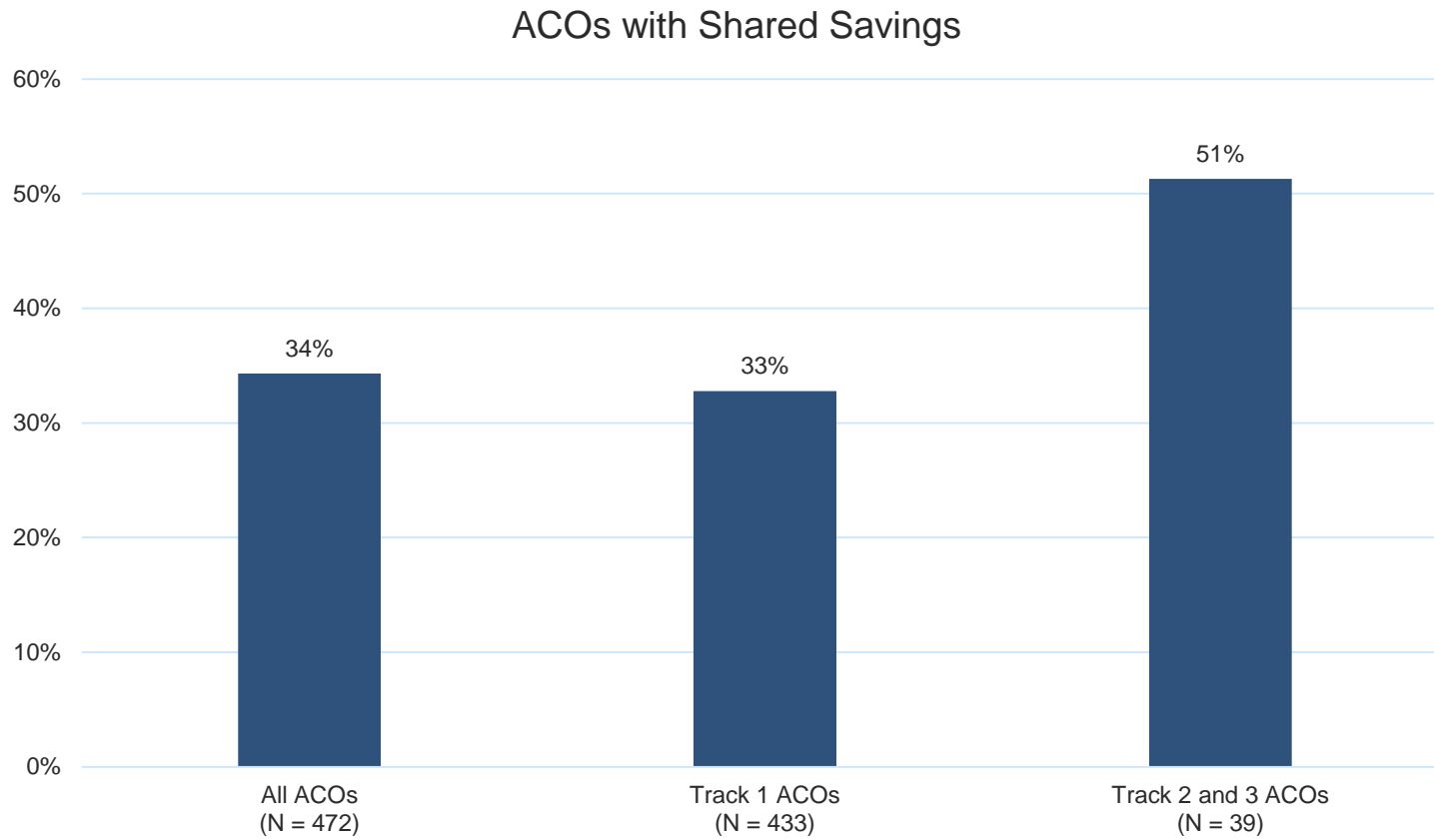
Share of ACOs with Shared Savings by Start Date, by Performance Year

Start Year	PY1	PY2014	PY2015	PY2016	PY 2017
2012	32%	37%	42%	42%	51%
2013	21%	27%	37%	36%	44%
2014	N/A	19%	22%	36%	43%
2015	N/A	N/A	21%	26%	28%
2016	N/A	N/A	N/A	18%	29%
2017	N/A	N/A	N/A	N/A	21%
Total	26%	28%	31%	31%	34%

Source: RTI analysis of PY1, PY 2014, PY 2015, PY 2016, and PY 2017 financial reconciliation data.

Notes: PY1 results cover the 21-month period (4/1/2012- 12/31/2013) for April 2012 starters, the 18-month period (7/1/2012- 12/31/2013) for July 2012 starters and CY 2013 for January 2013 starters.

Two-sided ACOs more likely to share savings than one-sided ACOs



Source: RTI analysis of PY 2017 financial reconciliation data.

Low revenue ACOs continued to out-perform high revenue ACOs

Performance category by Medicare revenue relative to assigned beneficiary expenditures, PY 2017

Medicare Revenue	Number of ACOs	Shared Savings	Positive w/in Corridor	Negative w/in Corridor	Negative outside Corridor
Low Revenue: ACO participant total Medicare Parts A and B fee-for-service (FFS) revenue less than 25% of the total Medicare Parts A and B FFS expenditures for the ACO's assigned beneficiaries	186	44%	26%	20%	11%
High Revenue: ACO participant total Medicare Parts A and B FFS revenue 25% or more	286	28%	26%	24%	22%

Source: RTI analysis of PY 2017 financial reconciliation data and revenue to expenditure estimates from CMS Office of the Actuary (OACT).

Note: Due to rounding, percentages may not sum to 100 percent.

ACOs with shared savings out-performed other ACOs across multiple service categories

- Inpatient facility expenditures decreased by an average of 3.3%, emergency department (ED) visits decreased by 2.4%, and ED visits leading to a hospitalization fell by 5.2% between BY3 and PY 2017 for ACOs with shared savings, compared to increases of 9.3%, 2.0% and 3.4%, respectively, for ACOs that were negative outside corridor.
- ACOs with shared savings also had larger reductions in skilled nursing facility expenditures and utilization and home health expenditures and slower growth in outpatient facility, Part B physician services, and hospice expenditures.

Financial Reconciliation Report Walk Through

- Report Overview
- New Elements for PY 2017
- Template Walk Through



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Financial Reconciliation Report Overview

Components of Financial Reconciliation Report

- Cover
- Table of Contents
- Glossary
- Parameters
- Table 1: Historical Benchmark
- Table 2: Updated Benchmark Determination
- Table 3: Shared Savings Calculation One-sided Model (Track 1 ACOs) or Two-sided Model (Track 2 and 3 ACOs)
- Table A1: Risk Ratios for Updated Benchmark
- Table A2: Risk Score Renormalization
- Table A3: National Expenditures (all ACOs but 2017 Renewals) or Regional Expenditures (2017 Renewals only)
- Table A4: Minimum Savings Rate

New Elements for PY 2017

- Use of national assignable FFS population for national per capita expenditures used to trend and update the benchmark (for ACOs that are not 2017 renewals), truncation thresholds, and risk score renormalization factors
- Regional Factors for 2017 Renewals
 - Historical Benchmark Determination (Table 1) includes regional trend factors and a regional adjustment
 - Updated Benchmark Determination (Table 2) includes regional update factors
 - Appendix Table A3 shows the risk-adjusted regional expenditures used to compute regional trend and update factors
- Extreme and Uncontrollable Circumstances Policies
 - Quality score used to determine Final Sharing Rate in Shared Savings Calculation One-sided Model and Two-sided Model tables (Table 3) reflects extreme and uncontrollable circumstances policies
 - Shared Savings Calculation Two-sided Model (Table 3) includes adjustment to shared losses (if any) based on percentage of ACO assigned beneficiaries residing in an impacted area and percentage of total months in year impacted

Template Walk-Through

- Purpose of walk through is to provide high-level review of Financial Reconciliation Report.
- The template example is based on a hypothetical 2017 Renewal in Track 1 with shared savings.
- For more information on the financial calculations and data displayed in the report, please refer to detailed report footnotes and prior webinars outlined in Spotlight Issue 34.

QUESTION & ANSWER SESSION



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