

# News Release

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## FOR IMMEDIATE RELEASE

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**New Affordable Care Act tools and payment models deliver \$372 million in savings, improve care**  
*Pioneer ACO Model and Medicare Shared Savings Program ACOs part of plan to improve care and lower health costs across the health system*

The Centers for Medicare & Medicaid Services (CMS) today issued quality and financial performance results showing that Medicare Accountable Care Organizations (ACOs) have improved patient care and produced hundreds of millions of dollars in savings for the program.

In addition to providing more Americans with access to quality, affordable health care, the Affordable Care Act encourages doctors, hospitals and other health care providers to work together to better coordinate care and keep people healthy rather than treat them when they are sick, which also helps to reduce health care costs. ACOs are one example of the innovative ways to improve care and reduce costs. In an ACO, providers who join these groups become eligible to share savings with Medicare when they deliver that care more efficiently.

ACOs in the Pioneer ACO Model and Medicare Shared Savings Program (Shared Savings Program) generated over \$372 million in total program savings for Medicare ACOs. The encouraging news comes from preliminary quality and financial results from the second year of performance for 23 Pioneer ACOs, and final results from the first year of performance for 220 Shared Savings Program ACOs.

Meanwhile, the ACOs outperformed published benchmarks for quality and patient experience last year and improved significantly on almost all measures of quality and patient experience this year. (Please see the accompanying fact sheet for additional details.)

“We all have a stake in improving the quality of care we receive, while spending our dollars more wisely,” Health and Human Services Secretary Sylvia M. Burwell said. “It’s good for businesses, for our middle class, and for our country's global competitiveness. That’s why at HHS we are committed to partnering across sectors to make progress.”

This news comes as historically slow growth in health care costs is continuing. Health care prices are rising at their lowest rates in nearly 50 years, Medicare spending per beneficiary is currently falling outright, and, according to a major annual survey released last week, employer premiums for family coverage grew just 3.0 percent in 2014, tied with 2010 for the lowest on record back to 1999.

Since passage of the Affordable Care Act, more than 360 Medicare ACOs have been established in 47 states, serving over 5.6 million Americans with Medicare. Medicare ACOs are groups of providers and suppliers of services that work together to coordinate care for the Medicare fee-for-service (FFS) beneficiaries they serve and achieve program goals.

ACOs represent one part of a comprehensive series of initiatives and programs in the Affordable Care Act that are designed to lower costs and improve care by advancing three key strategies for improving care while investing dollars more wisely: incentives, tools, and information.

## **Incentives**

We are interested in advancing efforts to strengthen incentives to reward higher value care rather than higher volume of care. The Center for Medicare and Medicaid Innovation, created by the Affordable Care Act, is testing new models of care in two of the biggest health insurance plans in the world – Medicare and Medicaid. One example is ACOs, where groups of health care providers receive a financial incentive for coordinating care delivery. As we announced today, they are already seeing success. By working with state and private partners, we can drive more improvement through supporting payment models that reward higher quality care.

## **Tools**

We recognize that giving providers and states the tools and capacity for change in the health care delivery system is crucial to the success of these efforts. The HHS Office of the National Coordinator for Health Information Technology and CMS are managing \$27 billion in funding from the American Recovery and Reinvestment Act of 2009 and other sources to promote the adoption of electronic health records (EHR) in hospitals and doctor's offices. More than 75 percent of eligible health care professionals, and over 90 percent of eligible hospitals, have already qualified for EHR incentive payments for using certified EHR technology to meet the objectives and measures of the program.

And HHS is providing technical assistance and grants in areas such as practice design and transformation, supporting states in leveraging state-wide alignment towards value in health spending, and recruiting and training a world-class health care workforce.

## **Information**

The more we empower doctors and patients with information, the better choices they are able to make about their care. HHS has set out to improve the flow of information for consumers, providers, and payers by, for example, releasing more Medicare data, and supporting the ability of health information technology systems to talk to each other for patients' benefit.

For fact sheets on Pioneer ACO Model and Medicare Shared Savings Program ACOs results, and delivering better care at lower cost, please visit: <http://www.cms.gov/Newsroom/Search-Results/index.html?filter=Fact%20Sheets>.

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