

## Highlights of the 2020 Medicare ACO Program Results

Medicare accountable care organizations (ACOs) continued their trend of increasing savings each year in 2020, generating \$4.8 billion in gross savings and \$2.1 billion after accounting for shared savings payments, shared loss payments, and discounts to CMS (the Centers for Medicare & Medicaid Services). These include figures from the Medicare Shared Savings Program (MSSP), Medicare's largest value-based care program, and the Next Generation (Next Gen) ACO Model, the Center for Medicare & Medicaid Innovation Center (Innovation Center) program comprising some of the leading ACOs in the country.

As shown in Graphic 1 below, 2020 was the best year ever for the MSSP, serving 10.6 million patients in 2020. When including savings from the Next Gen Model, along with a now expired Pioneer ACO Model, ACOs have saved Medicare \$13.3 billion in gross savings and \$4.7 billion in net savings. Importantly, data show these ACOs continued to provide high-quality care and yield satisfied patients.

In 2020, 513 ACOs participated in the MSSP, which is a voluntary model. Today, ACOs care for nearly 20 percent of all Medicare patients and nearly a third of traditional Medicare patients. This document includes highlights of ACO results in 2020.

### Key Findings from the 2020 MSSP ACO Results

- 2020 was the fourth straight year MSSP ACOs delivered net savings to Medicare.
- MSSP ACOs generated \$4.145 billion in savings compared to their benchmarks, which are CMS-set financial targets, recording their best year yet.
- 83 percent of ACOs saved Medicare money in 2020, also a program high
- MSSP ACOs generated an average savings of \$390 per patient compared to their benchmarks, which is a major improvement over the \$262 per patient generated in 2019, the previous annual high.
- MSSP ACOs received an average quality score of 97.8 percent, a new program best.
- ACOs earned \$2.3 billion in shared savings payments, an average of \$6.6 million each in 2020.
- Just six MSSP ACOs would have paid shared losses if CMS had not waived doing so, citing the COVID-19 Public Health Emergency.
- Because MSSP benchmarks are adjusted to account for both national and regional spending trends in the performance year, ACOs' benchmarks dropped in 2020, meaning providers had to lower spending to generate savings. MSSP's record savings in 2020 is because ACOs still managed care better than providers across the nation and their regions.

### \$ TOTAL ACO SAVINGS

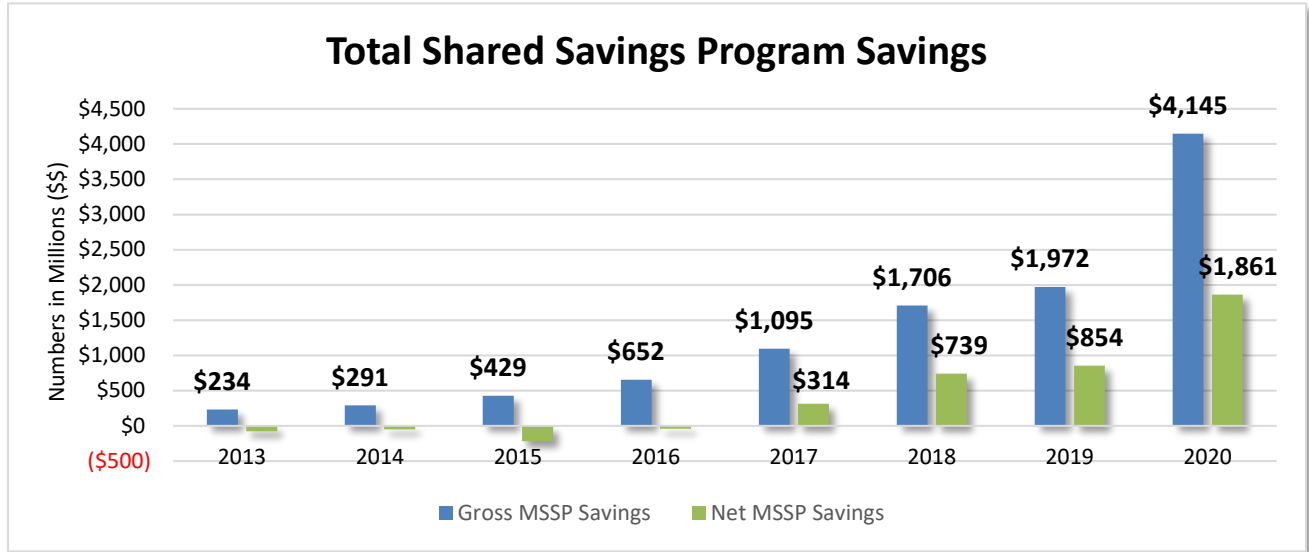
Since 2012, ACOs have saved Medicare \$13.3 billion in gross savings and \$4.7 billion in net savings.

### KEY TERMS

**Gross Savings:** The difference between ACOs' benchmark, or CMS-set financial targets, and actual spending.

**Net Savings:** Money returned to CMS after accounting for shared savings payments, shared loss payments, and discounts.

**Graphic 1: Total gross and net savings generated to Medicare from the Shared Savings Program**

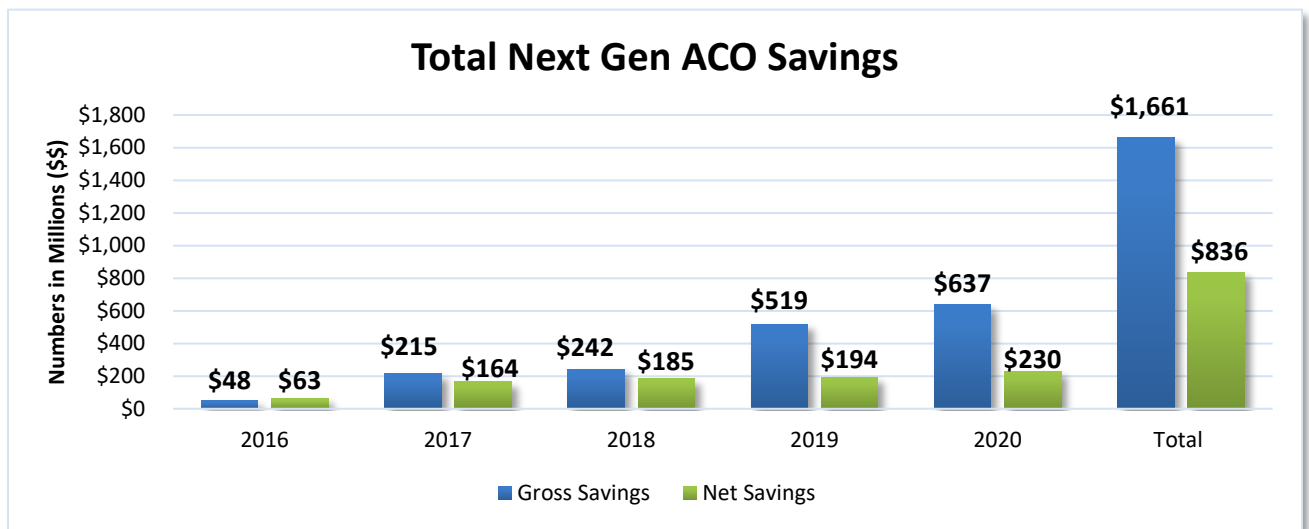


Net savings are after accounting for shared savings payments and shared loss payments.

**Leading Innovation Center ACO program banks another record-setting year**

- The Next Gen ACO Model, an Innovation Center program emphasizing high risk and reward, saved \$637 million compared to the CMS-generated benchmark in 2020. As show in Graphic 2 below, ACOs netted \$230 million to the Medicare Trust Fund after accounting for shared savings, shared losses, and discounts paid to CMS.
- In 2020, 35 of the 37 Next Gen ACOs generated savings compared to their benchmark.
- ACOs combined to save an average of \$589 per beneficiary for the 1.1 million patients in the program.
- Importantly, these ACOs hit an average quality score of 96.5 percent out of a perfect score of 100.
- Next Gen ACOs have increased savings every year of the program. Since 2016, Next Gens collectively saved more than \$1.66 billion in gross savings and \$836 million in net savings.

**Graphic 2: Total gross and net savings generated to Medicare from the Next Generation ACO Model**



Net savings are after accounting for shared savings payments and shared loss payments.

### ACOs get better with time

- As we've seen in years past, more experienced ACOs have done better at saving Medicare money. Table 1 below shows the percent of ACOs that earned shared savings by their start year.
- 80 percent of ACOs who started in 2012, 2013, or 2014 earned shared savings in 2020, compared to 59 percent of ACOs who started in 2018, 2019, or 2020. This illustrates the long-term commitment required by ACOs and that success doesn't happen overnight but take years of hard work.
- 97 percent of ACOs who started in 2012, 2013, or 2014 generated savings for Medicare in 2020 and none would have owed shared losses. Comparatively, 76 percent of ACOs who started in 2018, 2019, or 2020 generated savings for Medicare in 2020 and four would have owed shared losses.
- ACOs that started in in 2012 or 2013 and earned shared savings netted an average of \$7.6 million each to the Medicare Trust Fund, compared to \$4.6 million each for ACOs that started in 2019 or 2020.

### HOW DO ACOS USE SHARED SAVINGS?

ACOs must tell CMS how they plan to use their shared savings. CMS analyzed the distributions of ACOs who generated shared savings from 2013 to 2017 and shared the top ways ACOs use savings:

- Supporting ACO physicians and hospitals (56 percent)
- Investing in ACO infrastructure (23 percent)
- Investing in care redesign (18 percent)

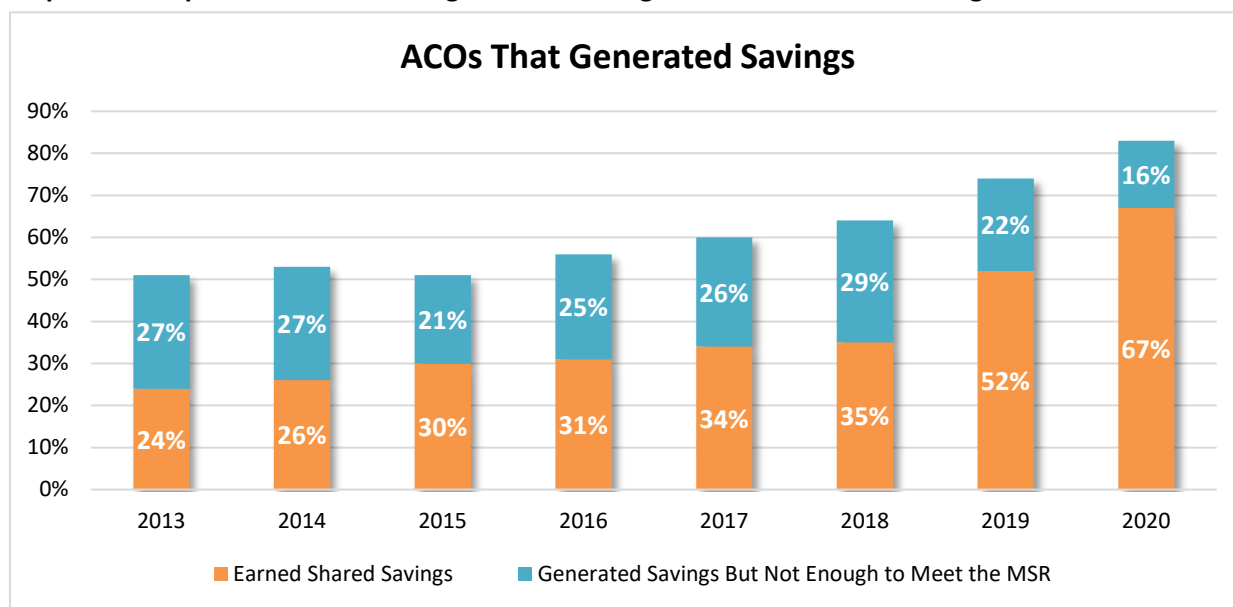
Source: CMS's May 31, 2019 ACO Spotlight [newsletter](#).

**Table 1: The percent of ACOs that earned shared savings by their start year**

Start Year	Number of ACOs	PY 2013	PY 2014	PY 2015	PY 2016	PY 2017	PY 2018	PY 2019	PY 2020
2012	39	28%	35%	42%	42%	49%	57%	78%	85%
2013	32	19%	25%	37%	36%	42%	61%	84%	72%
2014	52	N/A	18%	21%	36%	43%	47%	61%	83%
2015	59	N/A	N/A	21%	26%	28%	23%	35%	58%
2016	47	N/A	N/A	N/A	18%	28%	42%	57%	66%
2017	58	N/A	N/A	N/A	N/A	21%	33%	56%	83%
2018	108	N/A	N/A	N/A	N/A	N/A	21%	36%	52%
2019	65	N/A	N/A	N/A	N/A	N/A	N/A	41%	63%
2020	53	N/A	N/A	N/A	N/A	N/A	N/A	N/A	68%

- The number of ACOs saving the Medicare Trust Fund money has increased every year since 2015, when roughly half of ACOs saved Medicare money.
- 83 percent of ACOs saved Medicare money in 2020, and 67 percent saved enough to earn shared savings, as shown in Graphic 3. Both of these numbers are new highs for MSSP.

**Graphic 3: The percent of ACOs that generated savings and earned shared savings**



\*The MSR is the Minimum Savings Rate. It's the level of savings that must be generated before an ACO can share in savings with CMS.

**Quality continues to improve**

- MSSP ACOs received an average quality score of 97.8 percent, a new program high.
- 60 ACOs recorded a perfect score of 100.
- 26 ACOs had 38 percent or more African American, Latinx, or Asian beneficiaries. These diverse ACOs had an average quality score of 97.6 compared to 97.8 for less diverse ACOs.

*“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, CMS press release, August 2021

**ACOs are saving money for Medicare regardless of various ACO distinctions**

As shown in the table above, ACOs save more money, both for Medicare and themselves, the longer they participate in a total cost of care ACO model. The focus on whole-person care, managing cost, and quality for the full year and developing population health infrastructure drives this continued success. While time in the program is one way to examine ACOs, there are other ACO distinctions and characteristics to consider. Despite the ability to cut the performance data by many different ACO categorizations our analysis of the data showed:

- ACOs in both shared savings-only and shared risk models/tracks had hundreds of dollars per person in gross and net savings
- ACOs categorized by CMS as “high revenue” and “low revenue” had hundreds of dollars per person in gross and net savings.

**Table 2: NAACOS-member ACOs outperformed non-NAACOS members**

	Number of ACOs	Beneficiaries Served	Average Savings Per Beneficiary	Net Savings to Medicare	Average Quality Score
<b>NAACOS Members</b>	329	7,301,209	\$422.08	\$1,239,759,144	97.83
<b>Non-Members</b>	184	3,313,380	\$398.16	\$621,455,981	97.83
<b>Total</b>	513	10,614,589	\$413.50	\$1,861,215,125	97.83

**Conclusion**

Data from 2020 show ACOs continue to save Medicare money and improve quality and outcomes in the process. As the CMS administrator said, there should be no doubt that ACOs are succeeding. Despite the need to expand upon MSSP’s success, the number of ACOs in 2021 fell to its lowest total since 2017, the year before CMS enacted its Pathways to Success polices.

NAACOS continues to express concern at this decline in ACO participation and offered several recommendations [in a letter](#) to the CMS administrator on ways to reverse that decline. NAACOS continues to advocate for passage of [the Value in Health Care Act](#), which would both incentivize ACO participation and create more equitable policies for existing ACOs. Additionally, NAACOS continues to advocate that CMS develop a new full-risk option for ACOs under the Medicare Shared Savings Program (MSSP). This "Enhanced Plus" option would advance ACO participation by creating a full risk and capitation option within MSSP, which to date has only been available in Innovation Center ACO models. Policymakers should look for opportunities to grow ACO participation so that benefits of the program can spread to more patients, while helping solve Medicare’s looming insolvency issues.

