

Highlights of the 2017 Medicare Shared Savings Program Results

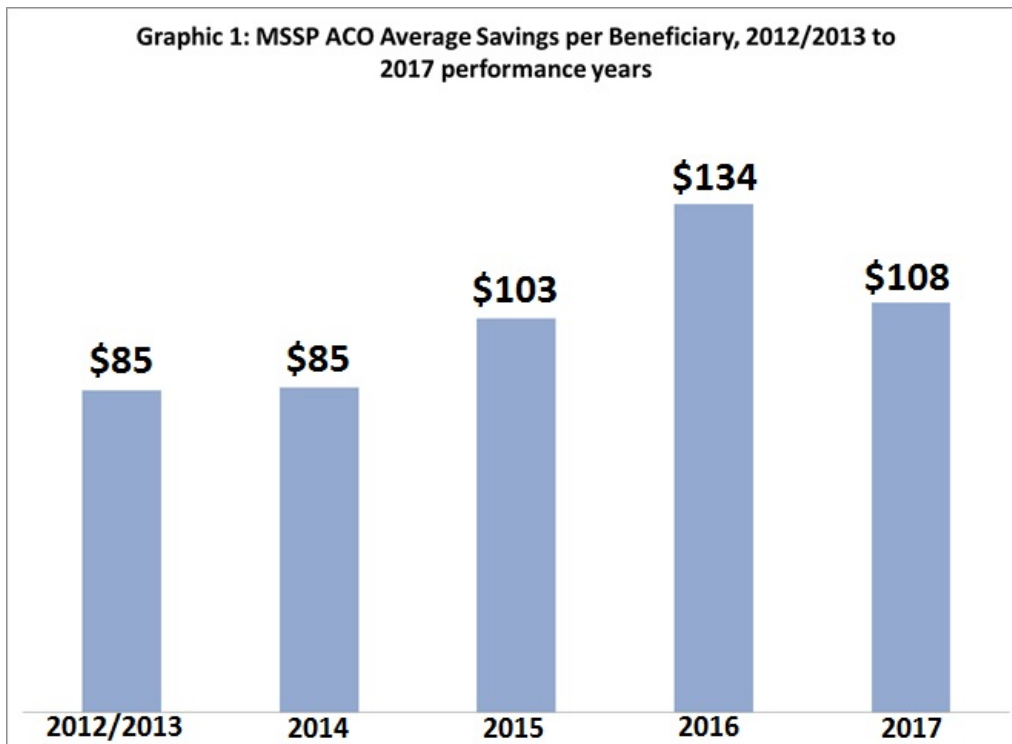
In August, the Centers of Medicare and Medicaid Services (CMS) released results on performance year (PY) 2017 for the Medicare Shared Savings Program (MSSP). In 2017, 472 ACOs caring for 9 million beneficiaries participated in the MSSP. These results are the most promising to date and demonstrate the significant value of the accountable care model. The overall amount of savings and the proportion of those qualifying for earned shared savings increased in PY 2017, reflecting the deep commitment ACOs have for changing how care is delivered and demonstrating positive results for beneficiaries and for Medicare. This sends a strong message about the role of ACOs and their significant contributions. The National Association of ACOs (NAACOS) is pleased to see this hard work continues to reduce spending while improving quality of care for millions of Medicare beneficiaries across the country.

This document includes highlights of the CMS results, available in this Public Use [File](#), which are based on data related to financial benchmarks and quality scores. However, it is important to note that this data is only one way to look at ACO performance. Evaluating the “success” of the ACO program depends on how success is defined, and it’s important to not just look at ACO performance relative to CMS-manufactured benchmarks since it does not represent the true savings of the program. Skilled evaluators need to look beyond those benchmarks by comparing ACOs to providers not in ACOs, comparing ACO spending over time, and considering other effects of the program (e.g., spillover effects on the overall Medicare spending growth rate and effects on other programs such as Medicare Advantage or programs beyond Medicare). There are a number of these studies, including a 2018 peer-reviewed [paper](#) by Harvard researchers published in the *New England Journal of Medicine* which found that in PY 2015 the MSSP generated gross savings of \$704 million and reduced Medicare spending by \$145 million after accounting for shared-savings payments earned by ACOs. A [study](#) by Dobson | Davanzo using similar scientific methods found that MSSP ACOs saved \$1.84 billion from 2013 through 2015 and reduced Medicare spending by \$542 million during that time after accounting for shared-savings payments earned by ACOs.

Key Findings of the PY 2017 MSSP Results

ACOs generate and earn significant savings

- ACOs generated gross savings of \$1.1 billion based on the CMS methodology for setting financial benchmarks, and 60 percent of ACOs saved money in 2017 compared to 56 percent in 2016.
- 34 percent of ACOs earned shared savings, up from 31 percent in 2016, with payments totaling \$800 million.
- After accounting for shared savings earned by ACOs in 2017, estimated net Medicare savings were \$314 million.
- 26 percent of MSSP ACOs generated savings for Medicare but did not meet the threshold (i.e., the Minimum Savings Rate) needed to earn shared-savings payments.
- As shown in graph 1 below, across all MSSP ACOs the average savings per beneficiary has increased across performance years. This is calculated by looking at ACO gross savings (benchmark minus expenditures) divided by beneficiary years, averaged across all MSSP ACOs.



ACOs provide very high quality for beneficiaries and improve quality over time

- The MSSP ACOs subject to pay-for-performance measures earned an average quality score of 90.5 percent out of 100 percent and all 96 ACOs that were subject to pay-for-reporting earned a quality score of 100 percent.
- Total quality scores improved for 67 percent of ACOs (N=136) between 2016 and 2017. On average, ACOs improved on 17 out of 28 measures common between 2016 and 2017.

ACO success doesn't happen overnight — It takes years of practice and hard work to achieve savings

- ACOs participating in the MSSP over a longer period of time show greater improvement in financial performance, demonstrating the value of the program and the need to allow ACOs sufficient time to demonstrate positive results.
- It took the average ACO that earned savings in 2017 three years to initially generate savings.
- Of the 142 ACOs that earned shared savings payments for 2017 performance and had program experience prior to 2017, 36 percent had losses (i.e., expenditures higher than benchmarks) in one of their first two years of the program.

Table 1: Net Savings by ACO Cohort

MSSP Cohort (based on start year)	Net Savings to Medicare, 2017* (millions)	Average Savings per Beneficiary
2012	\$87	\$257
2013	\$118	\$184
2014	\$172	\$135
2015	\$5	\$124
2016	-\$34	\$105
2017	-\$34	\$44
Total	\$314	---

*Net savings factors in bonuses paid to ACOs

Table 2: Share of ACOs with Shared Savings by Start Date and Performance Year

Start Year	N	PY13	PY14	PY15	PY16	PY17
2012	63	32%	37%	42%	42%	51%
2013	62	21%	27%	37%	36%	44%
2014	79	NA	19%	22%	36%	43%
2015	76	NA	NA	21%	26%	28%
2016	96	NA	NA	NA	18%	29%
2017	96	NA	NA	NA	NA	21%

Table 3: Savings Patterns among ACOs with 5 Years of Participation

Savings Patterns	Number	Percent
No savings	57	15%
4 years of losses then savings	53	14%
3 years of losses then savings	87	23%
2 years of losses then savings	55	15%
1 years of losses then savings	55	15%
5 years of savings	39	10%
Other patterns	30	8%

ACOs in Shared Savings Only and Shared Savings/Loss models both show positive results

- ACOs in shared savings only and shared savings/loss models both had net positive savings in 2017. Some policymakers question whether Track 1 ACOs are generating enough savings and this recent data proves they are.
- As shown in Table 4, the savings per beneficiary was higher for Track 1, while a higher proportion of two-sided ACOs generated savings and 28 percent of two-sided MSSP ACOs were responsible for repaying losses for PY 2017 performance.
- There were far fewer shared savings/loss model ACOs (MSSP tracks 2 and 3) in PY 2017 compared to those in the shared savings only Track 1 model, 9 percent and 91 percent, respectively. However, more participation in shared savings/loss models is expected in future years, with the introduction of Track 1+ in 2018 and based on changing program rules pushing more ACOs into risk-based models.

Table 4: Net Savings for ACOs based on Track

Track	Net Savings to Medicare (millions)*	Means Savings per Beneficiary	Percent ACOs Generating Savings
Track 1	\$290	\$138	33%
Track 2/3	\$23	\$55	51%

*Net savings factors in bonuses paid to ACOs

Savings is significant in certain categories

- According to CMS data in this August 30, 2018 [presentation](#), inpatient facility expenditures decreased by an average of 3.3 percent, emergency department (ED) visits decreased by 2.4 percent, and ED visits leading to a hospitalization fell by 5.2 percent between benchmark year three and PY 2017 for ACOs with shared savings.
- 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.