



New results show improved ACO performance with savings and quality gains

NAACOS provides comments on Performance Year 2016 results

WASHINGTON, D.C., October 29, 2017—On Friday, the Centers for Medicare & Medicaid Services (CMS) released the detailed Performance Year (PY) 2016 results for Accountable Care Organizations (ACOs) in the Medicare Shared Savings Program (MSSP). The results are included in a Public Use File (PUF) available [here](#). The new results demonstrate the value of a premier Medicare alternative payment model and include a higher rate (56 percent)* of MSSP ACOs generating savings than ever before and an almost equal proportion as last year of ACOs that earned shared savings (31 percent). These results follow the release of the Innovation Center ACO models, including the Pioneer ACO Model, the Next Generation ACO Model and the Comprehensive End Stage Renal Disease (ESRD) Care Model, all available [here](#). Taken together, Medicare ACOs generated \$836 million in savings and had net savings of \$71.4 million for Medicare in 2016 and demonstrated impressive quality scores, thus benefiting the Medicare program and the beneficiaries served by these ACOs.

The National Association of ACOs (NAACOS) is pleased to see that the hard work of the ACOs continues to reduce spending while improving quality of care for millions of Medicare beneficiaries across the country. Similar to 2015 performance, ACOs participating in the program longer show stronger results, demonstrating that success does not happen overnight. Clif Gaus, president and CEO of NAACOS, comments “These results show the growing success of ACOs, which is a positive trend that should not be ignored. A lot has been accomplished in a relatively short amount of time, and ACOs are on the front line of redesigning healthcare delivery. This is a moment to celebrate them and their hard work.”

The ACO program has a strong bipartisan history and support with its roots in the George W. Bush administration and further expansion over the past decade. As seen in the PY 2016 results, ACOs continue to demonstrate improved patient quality and reduced healthcare costs. According to CMS, MSSP ACOs that earned shared savings had a significant decline in inpatient hospital expenditures and utilization as well as decreased home health, Skilled Nursing Facility and imaging expenditures. Overall, NAACOS is pleased with the PY 2016 performance results and hopes that CMS and the Administration continue to strengthen the program so that ACOs can focus on what matters the most — improving the quality, experience, and cost of care for their patients.

While the performance results tell an important story, it’s a limited look and does not reveal the complete picture. Gaus notes, “CMS’s ACO results focus exclusively on performance relative to a specific target (benchmark), but it’s imperative we look beyond that. For example, ACOs contribute to slowing the overall growth rate of Medicare fee-for-service spending, which also

slows spending for Medicare Advantage. Spillover effects such as these aren't apparent with the performance results but are critical to the overall evaluation of the program."

Demonstrating the significant challenge of taking on risk, a handful of ACOs had to repay losses to CMS. NAACOS emphasizes the need for CMS to ensure a strong program structure and to support these early adopters of risk. NAACOS recommends CMS modify their approach to risk adjustment and make changes to ACO benchmarking. These methodologies are critical to all ACOs. NAACOS also has concerns about the mandatory requirement that ACOs take on risk, which goes into effect beginning in 2019 for ACOs that entered into the program in the initial performance year. NAACOS urges CMS to modify regulations to allow certain ACOs that demonstrate savings or have quality achievements or improvement to be able to continue participating in one-sided agreements. Gaus notes, "The MSSP has gained considerable momentum in recent years, but it's critical not to assume ACOs are fully prepared to take on risk. It's essential that CMS refine two-sided models to ensure ACOs can succeed. Further, CMS must change regulations to retain a strong one-sided model for indefinite participation."

ACO 2016 Gross and Earned Savings by Model

ACO Model	Gross Savings	Earned Savings
MSSP	\$652 million	\$701 million
Next Generation	\$48 million	\$58 million
CEC	\$75 million	\$51 million
Pioneer	\$61 million	\$37 million

**56 percent of MSSP ACOs generated savings, which includes ACOs with expenditures below their benchmarks though not enough to meet/exceed their minimum savings rate (MSR). The 56 percent figure also includes ACOs that surpassed their MSR and earned shared savings.*

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About NAACOS. NAACOS is the largest association of ACOs, representing over 3.72 million beneficiary lives through more than 260 Medicare Shared Savings Program (MSSP) ACOs, Next Generation, and commercial ACOs. NAACOS is an ACO member-led and member-owned non-profit organization that works on behalf of ACOs across the nation to improve the quality of Medicare delivery, population health and outcomes, and health care cost efficiency. Our members, more than many other healthcare organizations, want to see an effective, coordinated patient-centric care process.