NAACOS 2024

Five Common ACO Pitfalls

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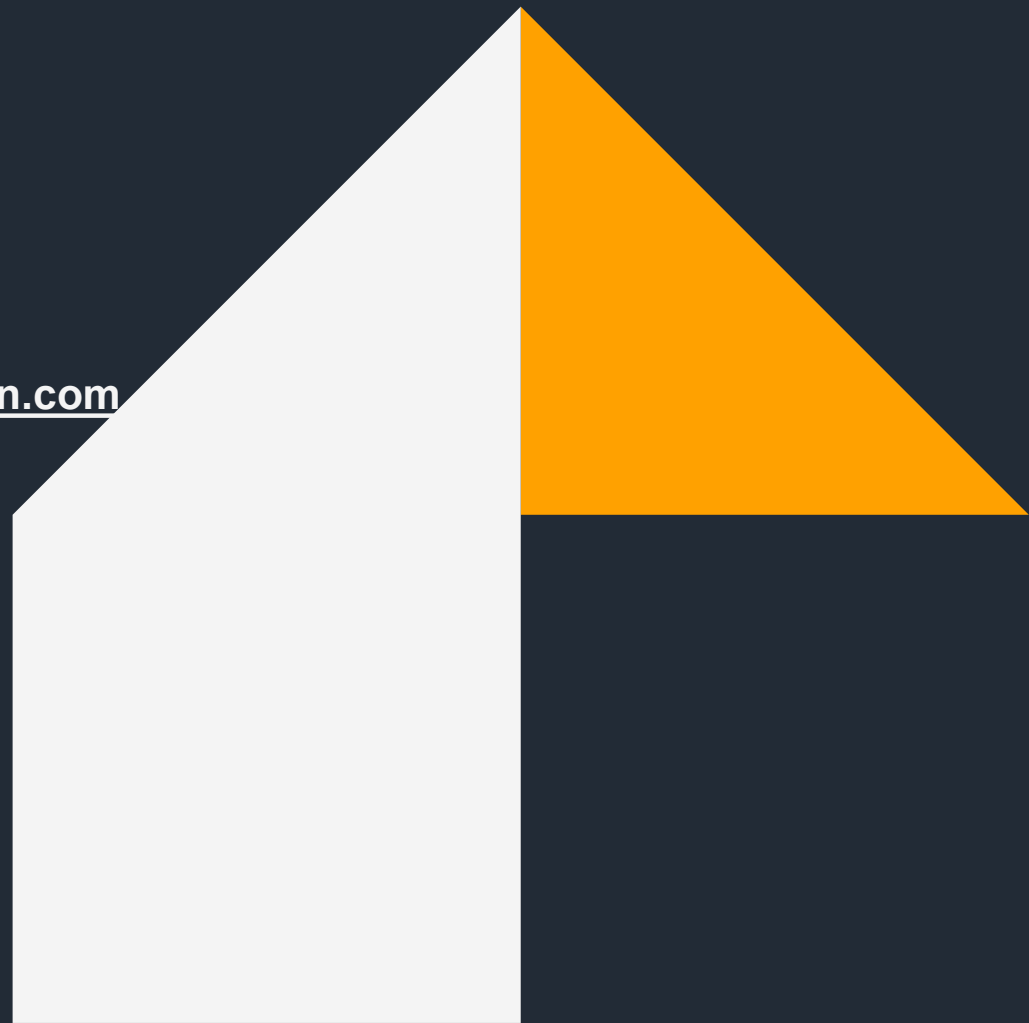

Five Common ACO Pitfalls

1. Not being intentional about program selection
2. Neglecting the Participant List
3. Disregarding risk scores
4. Don’t overindex on care management or cost savings
5. Misaligned savings distribution to participating providers

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Pitfall #1:
Not being intentional about program selection

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MSSP

ACO REACH

Important questions to consider when selecting a Medicare ACO program

- What is my tolerance for risk exposure?
  (Shared savings/loss, MSR, MLR, etc.)
- What type of beneficiaries does the ACO provide care for?
  (Attribution methodology, High Needs ACO)
- How has my region's cost trends varied historically versus the nation's?
  (national vs. regional trending methodology)
- How did my ACO's providers perform in the benchmark years?
  (2017-2019 (REACH) vs. 3 years preceding agreement (MSSP))
- Do I have a plan to leverage the capitation mechanisms of REACH?
  (APO, PCC, TCC)
- Does modeling suggest that my providers would perform better in MSSP or REACH?
- What is my plan in 2026 if REACH does not continue

Pitfall #2:
Neglecting the Participant List

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Five Common ACO Pitfalls

Neglecting the Participant List

Situation

ACOs operate status quo with a core group of providers, failing to maintain and effectively adjust their provider network

- Standard CMS data is often too macro (i.e., ACO level) or microlevel (e.g. beneficiary)
- Not enough time

Tasks/Actions

ACOs need to implement routine monitoring for their financials and performance metrics.

- **Data** should inform decisions
  - Timely
  - Right granularity
  - Metrics to be prioritized -
- **Time allocated for**
  - Analytics
  - Stakeholder Discussions
  - Leadership Approvals
  - Communication
  - More for evaluating outside network opportunities

Results

With access to high quality, provider level data, ACOs will more effectively manage their network.

- Data
  - Data-driven decisions are often the most effective
- Provider acquisitions/partnerships are common approach to growing and managing the network
- A clear **Strategic Road Map** guiding principles can shape strategic decisions

Pitfall #3:
Disregarding Risk Scores

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Five Common ACO Pitfalls

Disregarding Risk Scores

Situation

Risk scores play an important role in both Medicare ACO programs, but the availability of information varies.

Additionally, hidden nuances make it difficult to estimate risk scores in both programs.

- Normalization
- Risk score model changes

Tasks/Actions

Options for estimating MSSP risk scores include:

- Sensitivity test
  - Easy, provides a range of outcomes
- CCLFs
  - Technically challenging
  - Missing data and renormalization
- 100% Medicare FFS Data
  - Historically proven to produce reliable results
  - Can estimate ACO and regional renormalized risk scores
  - ACO Builder Emerging Risk Scores

Results

Understanding risk scores in advance provides many benefits to MSSP ACOs:

- Improved ability to estimate and budget for final performance year settlement.
- Earlier indication if additional resources are needed for accurate diagnosis capture.

New CMS HCC Risk Score Model

We anticipate increased variation in risk score performance with the v28 model phase in

	Benchmark Year 1	Benchmark Year 2	Benchmark Year 3	2024	2025	2026
Current MSSP Agreement Periods	V22/V24	V22/V24	V22/V24	67% V24 / 33% V28	33% V24 / 67% V28	100% V28
New MSSP Agreement Periods and REACH	Same as performance year					

Benchmark / Performance Year Alignment

CMS plans to align the risk score model used in the benchmark years with the performance year for ACOs entering new agreement periods. However, ACOs continuing their current agreement period may experience material shifts in their updated benchmark due to the model change.

Estimated MSSP Results

CMS simulated the impact on PY 2021 shared savings results for ACOs under "current agreement period" rules. The range was (6.6%) to 2.3% for the minimum and maximum and (1.4%) to 0.9% for the 10th and 90th percentiles, respectively. This assumes 100% weight on v28 (PY 2026 equivalent).

Renormalization

The renormalization component of MSSP risk adjustment will protect ACOs from this model change to some extent. However, results may vary to the extent the change for a specific ACO varies from the nationwide change.

Source: https://public-inspection.federalregister.gov/2023-14624.pdf

Pitfall #4:
Over Indexing on Care Management for Cost Savings

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Many Benefits of Care Management

Patient Satisfaction

Care Gap Closure

Individual Patient Outcomes

Improved Care Coordination

Patient Education

Patient Self-Monitoring

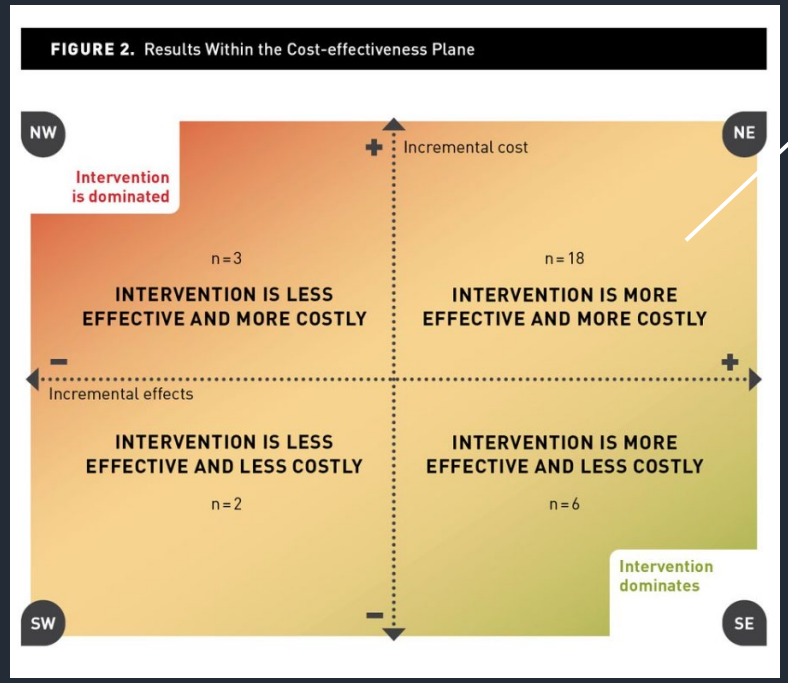
For many ACOS, case and disease management is a logical place to start.

ACOs have a strong base of clinical knowledge and existing clinical staff, often with nurse care managers already on staff and EMR or other clinical workflow tools.

Care Management Intervention Not Driving Measurable Savings

Findings from Meta-Analysis on Care Management Cost Effectiveness

American Journal of Managed Care, July 2022



The majority of interventions work, but any cost savings is overshadowed by the cost of the program

- Meta-analysis of studies of care management program effectiveness published in American Journal of Managed Care, July 2022
- Assesses program quality (clinical targets achieved) and cost effectiveness
- Finds most programs achieve clinical goals; and some achieve cost savings, many at equivalent or higher cost to administer

JAMA Finds Care Coordination Not Associated with Improved Outcomes

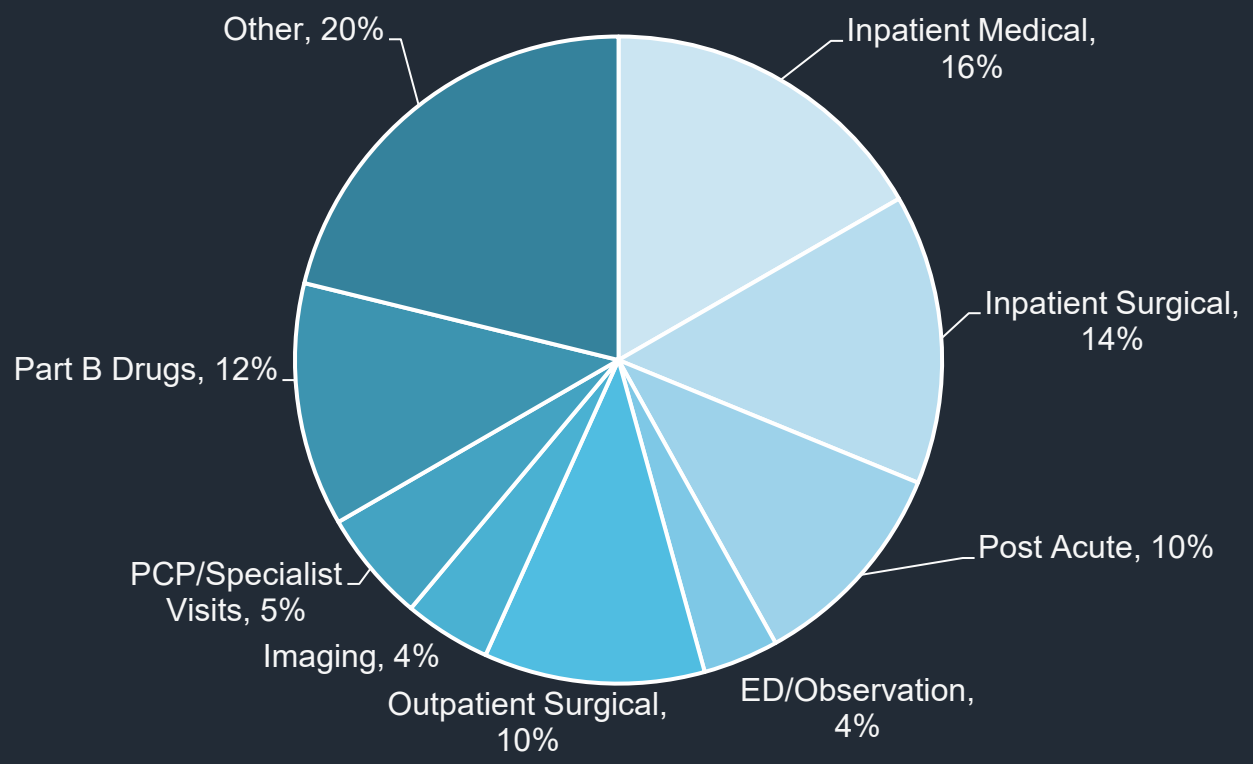
"In this cross-sectional analysis of 1,402,582 US Medicare beneficiaries … reported care management and coordination activities did not have statistically different quality, utilization, spending, or health care system interaction measures."

Source: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6628588/

Source: https://www.ajmc.com/view/cost-effectiveness-of-case-management-a-systematic-review

Importance of System Change for Cost Savings Success

Percent of Total Spend by Service Line
Sample of 1.8M MSSP Lives, 2022



System Change Strategies for Reducing Total Cost of Care (TCoC):

- Discharge planning
- High performing PAC network
- Reducing inpatient short stays
- Lower cost site of care shifting
- Aggressive ED diversion campaign

MedInsight Emerging Experience Database; Sample of 1.8M MSSP attributed lives; 2022 program year

Key Analytics Capabilities for ACO Success

Right-Size Utilization

- Convert financial budgets & savings targets to utilization rates & unit cost requirements
- Identify areas of excess utilization & cost
- Develop targeted interventions to drive savings

Financial Analysis

- Analyze risk contract terms
- Understand areas of reduced revenue due to converting services from FFS to risk financials
- Set budgets & targets for savings
- Monitor progress

Manage Patients

- Stratify risk-adjusted patients for targeted outreach by care coordinators
- Identify and close quality and risk coding gaps

Physician Engagement

- Measure and report physician partner performance
- Evaluate the broader network of physician partners and non-partners

Flexible Analytics

Pitfall #5: Misaligned Savings distribution to participating providers

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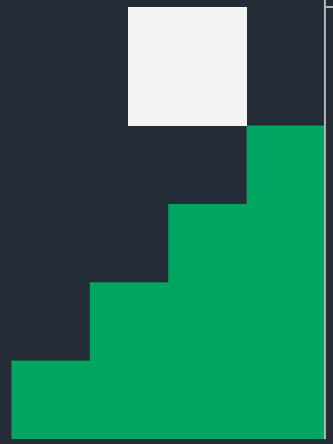
Misaligned savings distribution to participating providers

Key questions to consider:

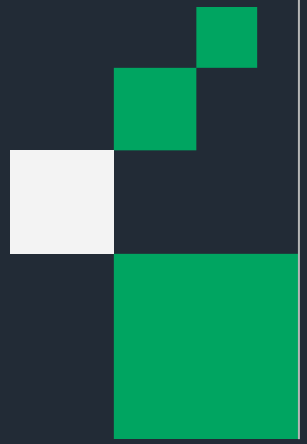


1 - What incentives are offered?	2- Are incentives aligned with outcomes?
3 – What process/behavior changes will providers make?	4 – Are incentives and metrics consistent?

Misaligned savings distribution to participating providers

“Incentives matter”

- **Richard Thaler (author of Nudge)**

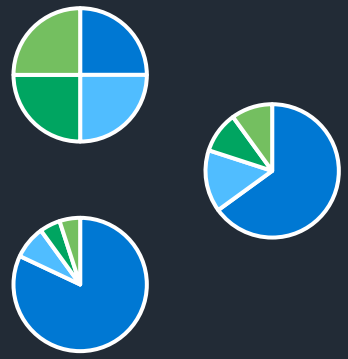


Pooling Structure

- Financial Only
- Quality Only
- Combined Financial/Quality
- Separate Financial/Quality

Sharing Savings

- Equal
- Volume based
- Performance based



Service Category

- Selection:
  - Total
  - Service based
- Weights:
  - Incentive based
  - Volume
  - Manual
- Benchmark
  - Risk adjusted
  - Consistent with overall benchmark
  - Monitor

Quality Metrics

- CMS vs internal metrics
- Weights
- Benchmarks

Other

- Administrative withholds
- Loss scenarios

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