

Accountable Care Organization Perspectives and Incentives



Quantitative Imaging Workshop Session 1

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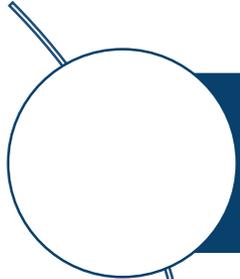
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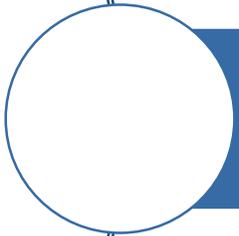
Primary task of this talk...

How do ACOs think about their risk options?

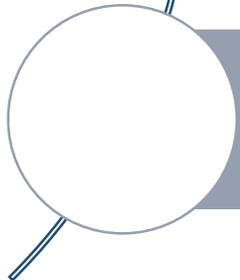
Today's Agenda



Medicare ACO Basics



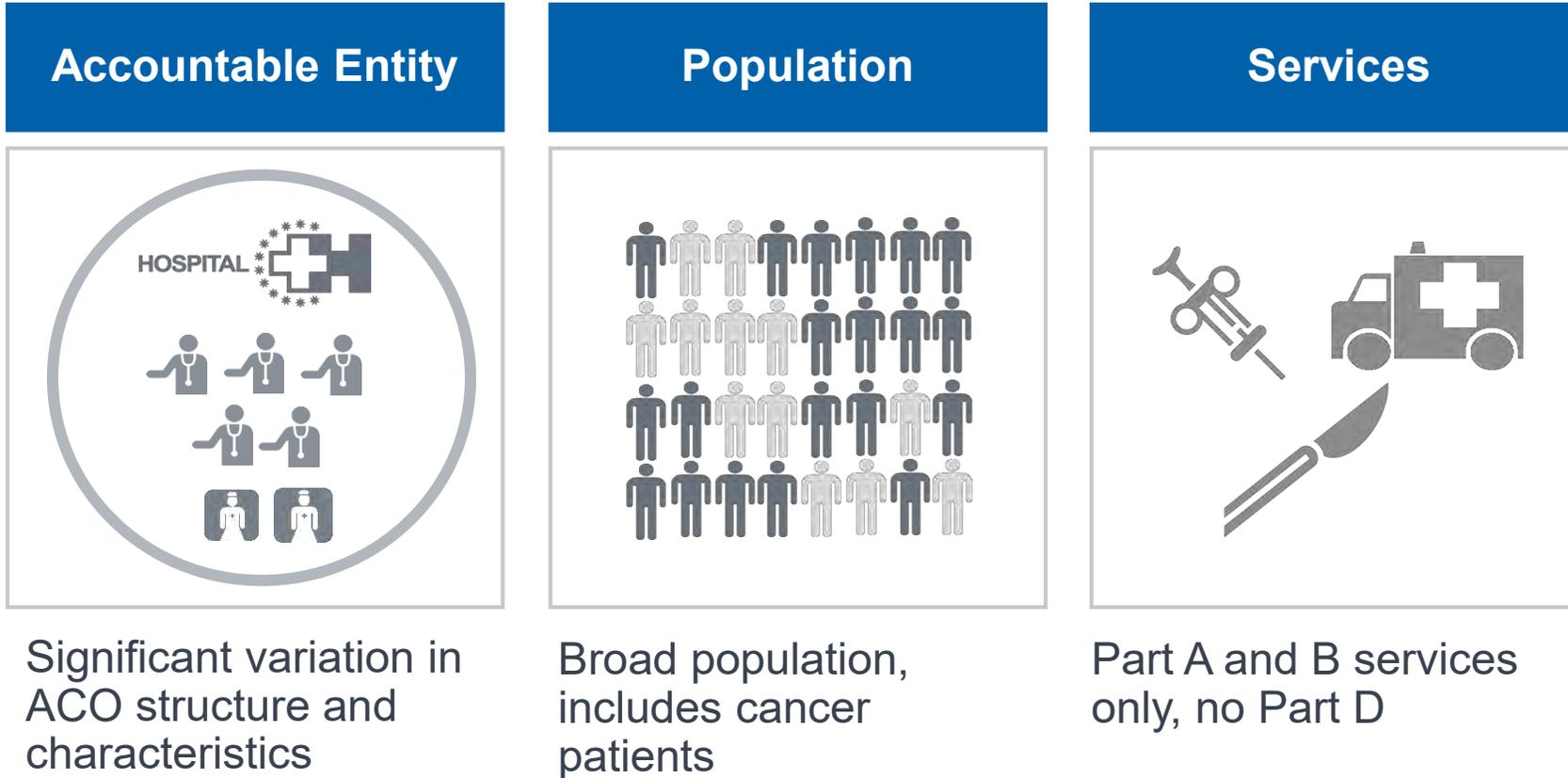
Medicare ACO Economics and Incentive Structures



Does the ACO incentive structure encourage investment in pop. health interventions?

Medicare ACO Basics

Who is accountable? For whom are they accountable? For which services are they accountable?

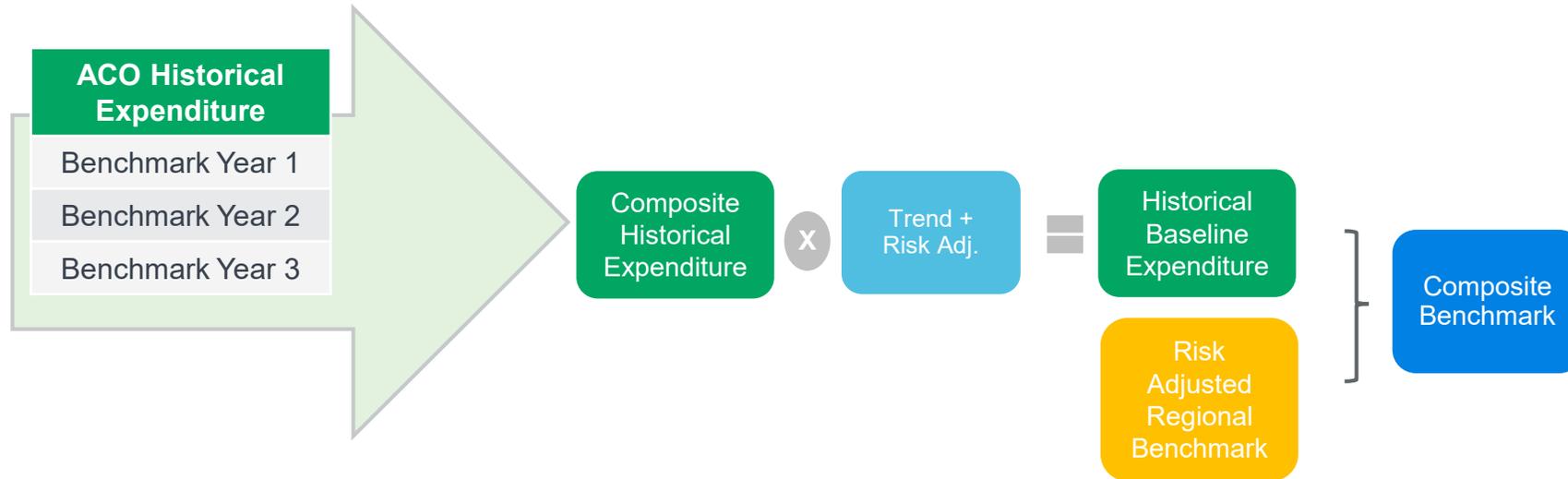


Accountable care organizations (ACOs): groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care

Medicare ACO Value Definition

How does CMS define value in Medicare ACO programs?

Simplified representation of typical Medicare ACO program financial benchmark



- Typically, Medicare ACOs are competing against a combination of their historical expenditures and a regional risk adjusted benchmark
- A key financial benchmark methodology component is whether the benchmark years for the historical and regional benchmarks move over time. In Medicare Shared Savings Program (MSSP) this is fixed for five years.

Medicare ACO Incentive Structures

What program and risk options do ACOs have and how do they decide which to pursue?

	MSSP BASIC Track			MSSP ENHANCED Track	Direct Contracting	
	Level A	...	Level E		Professional	Global
One-sided / Two-sided risk	One-sided	...	Two-sided	Two-sided	Two-sided	Two-sided
Shared savings rate	40% x Quality Score	...	50% x Quality Score	75% x Quality Score	50%	100%
Maximum savings rate	Yes	...	Yes	Yes	Risk corridors	Risk corridors
Shared loss rate	N/A	...	30%	40% - 75%	50%	100%
Loss sharing limit	N/A	...	Yes	Yes	Risk corridors	Risk corridors

- ACOs have typically had two program options, MSSP and CMMI pilot ACO models
- Within these programs, CMS offers multiple risk track options. There are limits to the number of years ACOs can be in “upside only” risk.
- We typically help our clients with program selection based on the program they have the greatest likelihood to succeed in and the best risk profile based on their risk appetite.

Key questions relevant to the Quantitative Imaging Workshop

Does the ACO incentive structure encourage investment in population health interventions?

1. How does an ACO think about population health interventions, such as screening? Is it prominent on their radar screen?
2. Would an organization (ACO, Direct Contracting Entity, community, etc.) be willing to take risk for such a demonstration program?
3. Do ACOs ever think about trying to get CMS funding for their own design—that doesn't fit into one of the standards (such as the straw dog)?

Caveat

Any statements made during the presentation and subsequent Q&A shall not be a representation of Milliman or its views or opinions, but only those of the presenter.



Thank you!

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