

Highlights of the 2019 ACO Program Results

Medicare accountable care organizations (ACOs) produced their highest annual savings to date in 2019, generating \$3.2 billion in gross savings and \$1.4 billion in savings 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. In 2019, 582 ACOs in the two programs cared for 12.4 million patients, comprising 20 percent of all Medicare patients and nearly a third of traditional Medicare patients. Importantly, data show these ACOs continued to provide high-quality care and yield satisfied patients. Since 2012, ACOs, including those in the MSSP and Next Gen Model, along with a now expired Pioneer ACO Model, have saved Medicare \$8.5 billion and \$2.5 billion after accounting for shared savings payments, shared loss payments, and discounts to CMS, as shown in Graphic 1 below. This document includes highlights of the 2019 results, which are based on public CMS data related to financial benchmarks and quality scores.

The National Association of ACOs (NAACOS) continues to urge policymakers to grow ACO programs, which have proven to be effective in lowering the cost of care while providing high-quality care. Potential policies include offering an appropriate balance of risk and rewards, making the Next Gen Model permanent, and providing equitable participation options in the new Direct Contracting Model.

Key Findings from the 2019 ACO Results

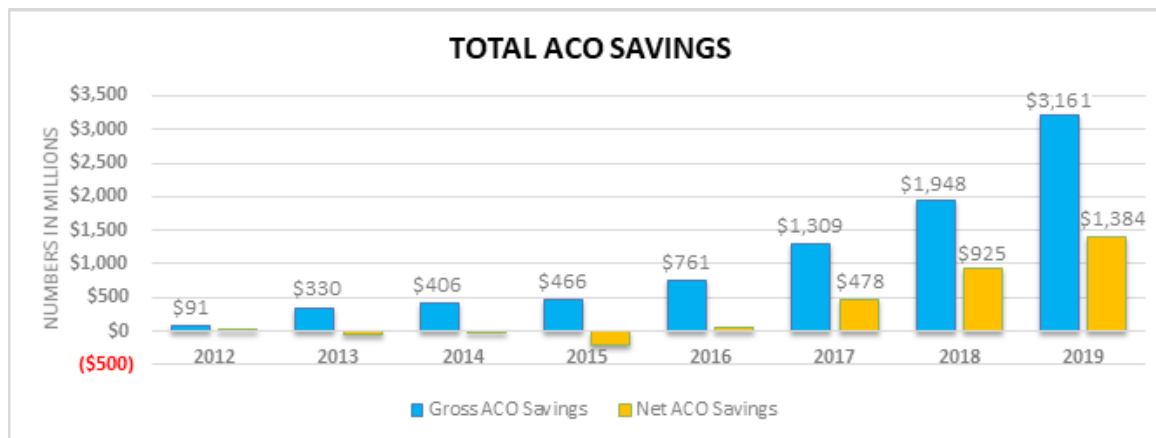
- Shared Savings Program ACOs generated \$2.65 billion in savings compared to their benchmarks, which are CMS-set financial targets, recording their best year yet.
- Next Gen ACOs saved \$519 million compared to their benchmarks, also a program high.
- Three-quarters of ACOs saved Medicare money, also highs for both programs.
- Shared Savings Program ACOs generated an average savings of \$262 per patient compared to their benchmarks.
- MSSP ACOs received an average quality score of 94.77 percent, a new program best.
- MSSP ACOs that earned shared savings received an average of \$5.2 million each in 2019.
- Just eight MSSP ACOs shared losses paying a combined \$17.6 million.

\$
TOTAL ACO SAVINGS

Since 2012, ACOs have saved Medicare \$8.5 billion in gross savings and \$2.5 billion in net savings.

A blue rectangular graphic with a white border. At the top center is a large white dollar sign. Below it, the words "TOTAL ACO SAVINGS" are written in white, bold, uppercase letters. At the bottom, a white text box contains the following text: "Since 2012, ACOs have saved Medicare \$8.5 billion in gross savings and \$2.5 billion in net savings."

Graphic 1: Total gross and net savings generated to Medicare from various ACO programs



Graphic shows savings from the MSSP, Next Gen ACO Model, and Pioneer ACO Model. Net savings after savings after accounting for shared savings payments, shared loss payments, and discounts to CMS.

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 \$519 million compared to the CMS-generated benchmark in 2019. As show in Graphic 2 below, ACOs netted \$194 million to the Medicare Trust Fund after accounting for shared savings, shared losses, and discounts paid to CMS.
- In 2019, 35 of the 41 Next Gen ACOs generated savings compared to their benchmark, although CMS hasn't released data on four remaining Next Gen ACOs.
- ACOs combined to save an average of \$388 per beneficiary for the 1.3 million patients in the program.

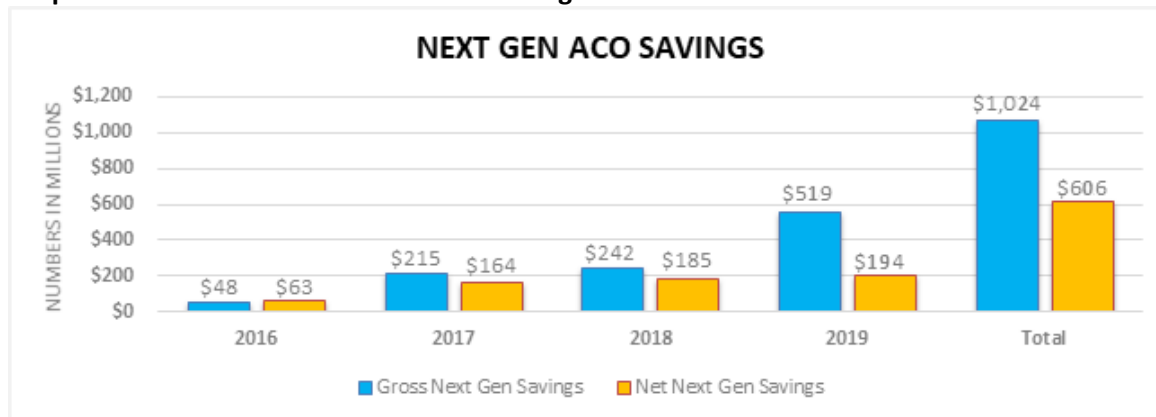
HOW DO ACOS USE SHARED SAVINGS?

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:

- 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](#).

Graphic 2: Next Generation ACO Model Savings



Net savings are after accounting for shared savings payments, shared loss payments, and discounts to CMS.

Quality continues to improve, out-pace other medical practices

- MSSP ACOs received an average quality score of 94.77 percent, a new program high, while Next Gen ACOs received an average quality score of 93.73 percent.
- 92 percent of eligible MSSP ACOs earned quality improvement reward points in 2019, with ACOs showing the greatest improvements in the patient safety and care coordination quality domain.
- All MSSP ACOs met performance standards, which are required before they are eligible to receive shared savings payments.



ACOs get better with time

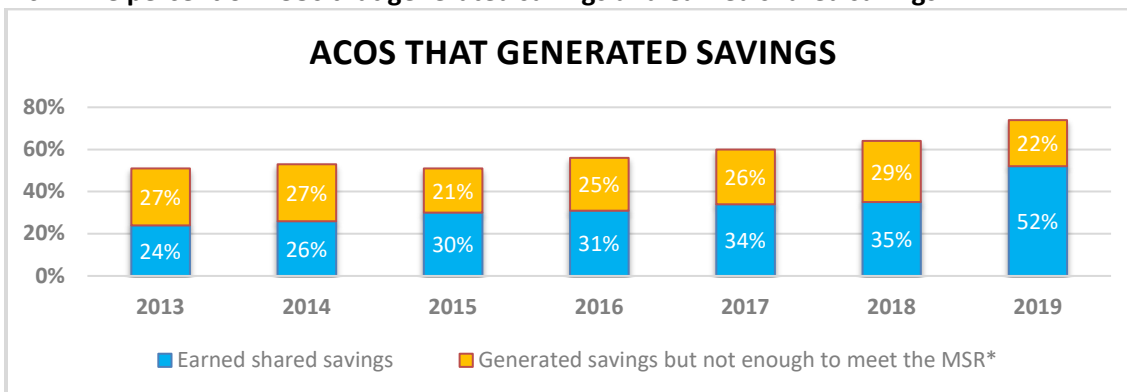
- As we’ve seen in years past, more experienced ACOs have done better at saving Medicare money. Table 1 below shows the percent of ACOs that earned shared savings by their start year.
- 80 percent of ACOs who started in 2012 or 2013 earned shared savings in 2019, compared to 38 percent of ACOs who started in 2018 and 2019. This illustrates the long-term commitment required by ACOs and that success doesn’t happen overnight but take years of hard work.
- ACOs that started in in 2012 or 2013 and earned shared savings netted an average of \$3.96 million each to the Medicare Trust Fund, compared to \$1.11 million each for ACOs that started in 2018.

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
2012	50	28%	35%	42%	42%	49%	57%	78%
2013	37	19%	25%	37%	36%	42%	61%	84%
2014	70	N/A	18%	21%	36%	43%	47%	61%
2015	63	N/A	N/A	21%	26%	28%	23%	35%
2016	61	N/A	N/A	N/A	18%	28%	42%	57%
2017	82	N/A	N/A	N/A	N/A	21%	33%	56%
2018	112	N/A	N/A	N/A	N/A	N/A	21%	36%
2019	66	N/A	N/A	N/A	N/A	N/A	N/A	41%

- The number of ACOs saving the Medicare Trust Fund money has increased every year since 2015.
- 74 percent of ACOs saved Medicare money, and 52 percent saved enough to earn shared savings, as shown in Graphic 4. Both of these numbers are new highs for MSSP.

Graphic 4: 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.

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
NAACOS Members	332	7,077,473	\$257.93	\$844,585,860	95.0%
Non-Members	209	3,922,452	\$209.19	\$347,269,196	94.41%

Conclusion

While 2019 brought wonderful news for ACOs across Medicare, NAACOS continues to express concern at decreasing ACO participation. The number of ACOs in 2021 fell to its lowest total since 2017, the year before CMS enacted its Pathways to Success polices. Data continue to show that ACOs are saving Medicare money and improving quality and outcomes in the process. There should be no doubt that ACOs are succeeding. 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.

