Challenges in maintaining and increasing savings from accountable care organizations

Luis Serna, David Glass, Jeff Stensland

April 2, 2020

MEDPAC

Roadmap

① ACO background

② Concerns with patient selection

③ Addressing selection through NPI-based benchmarks

Accountable Care Organizations (ACOs)

- ACOs are collections of providers willing to take accountability for the spending and quality of care for an assigned patient population
- Actual spending is compared to a benchmark:
  - If spending is less than the benchmark, the difference ("savings") is shared between Medicare and the ACO
  - If spending is more than the benchmark, the difference ("losses") is:
    - One-sided risk model: Losses absorbed by Medicare
    - Two-sided risk model: Losses shared between Medicare and the ACO

Medicare Shared Savings Program (MSSP)

- 517 ACOs, 11.2 million beneficiaries in 2020
- MSSP benchmarks will represent a blend of:
  - Spending for beneficiaries who would have been assigned to the ACO in the baseline years (the 3 years prior to an ACO's agreement period)
  - Spending in the ACO's region
- MedPAC (June 2019) found slower spending growth for beneficiaries assigned to an MSSP ACO in 2013 relative to a counterfactual, about 1 or 2 percent through 2016 (does not include shared savings payments)

Potential patient selection in MSSP

- Savings are small; unwarranted shared savings payments to ACOs could put Medicare savings at risk
- Unwarranted shared savings possible if there is selection in the performance year relative to the baseline years
  - Bring clinicians with low-cost patients into the ACO
  - Remove clinicians with high-cost patients from the ACO
  - Keep low-cost patients assigned to ACO clinicians
  - Have high-cost patients lose assignment to ACO clinicians
- Have not seen wide-spread selection to date, but the current MSSP model is vulnerable

Individual clinicians can leave or join TIN but benchmark will not change

- In figure below, the ACO may obtain unwarranted shared savings if:
  - High-cost clinician A is removed from TIN
  - Low-cost clinician C is added to TIN

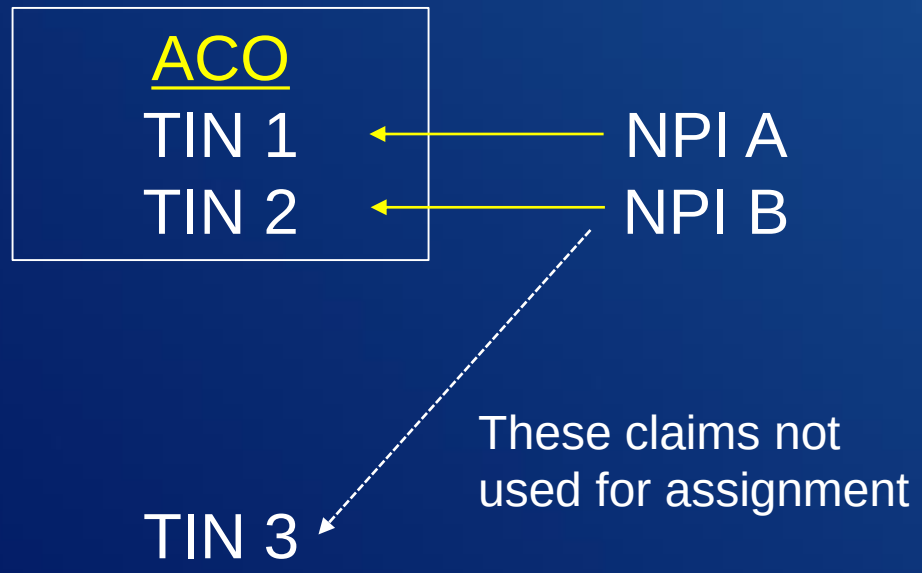
- CMS does not recalculate benchmarks based on changes in NPIs billing under the TINs

Using NPI for computing ACO benchmarks may reduce unwarranted shared savings

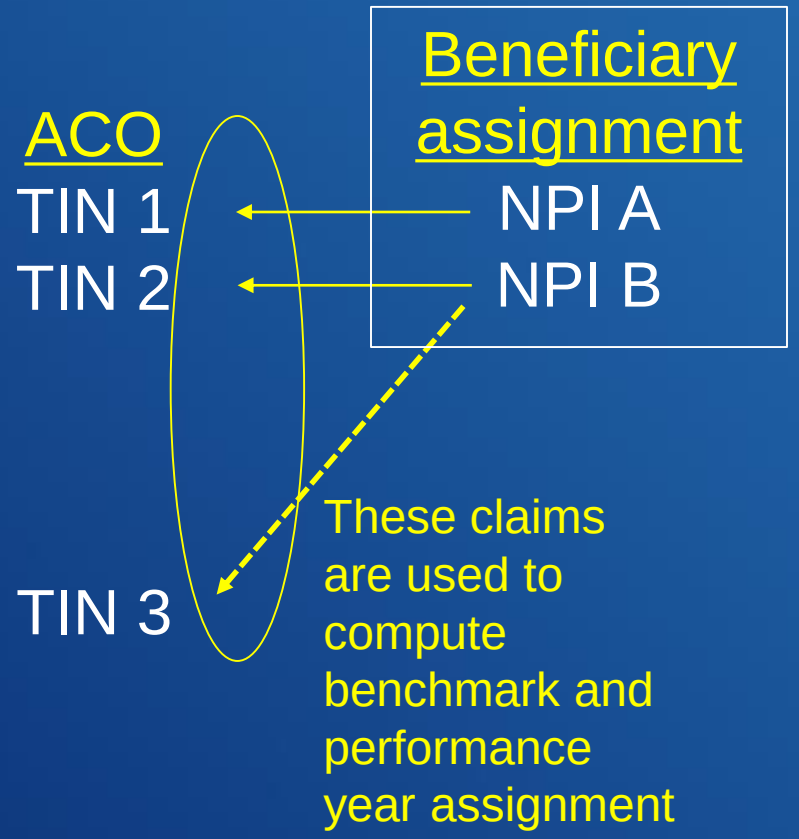
- NPI-based benchmarks would most accurately capture historical spending
- Clinicians in the performance year would correspond with clinicians used to compute benchmarks
- Would reduce selection resulting from:
  - Removing high-cost clinicians from TIN
  - Adding low-cost clinicians to TIN
  - Billing high-cost beneficiaries outside of TIN

NPI option ensures clinicians' claims are completely captured in both benchmark and performance years

Current Assignment: TIN-only



NPI Option



MEDPAC

Summary

- ACO savings have been modest
- Unwarranted “shared savings” payments to ACOs could result in program costs that exceed MSSP savings
- To avoid putting MSSP at risk of being a net cost to Medicare, CMS needs to reduce vulnerabilities from patient selection
- To help limit vulnerabilities, both MSSP baseline and performance year spending could be computed using the performance year NPIs rather than TINs

Draft recommendation

The Secretary should use the same set of National Provider Identifiers to compute both performance year and baseline assignment for accountable care organizations in the Medicare Shared Savings Program.

Implementation

- If an NPI bills under a TIN participating in an ACO during the performance year assignment period, CMS should use all primary care visits in the ACO's market from that NPI (regardless of what TIN they are billed under) to assign beneficiaries
- Claims occurring outside the ACO's current market should be removed from assignment calculations
- Clinicians' claims would only be used for assignment to a single ACO

Implications

- **Spending**: Decrease in spending of under $50 million over 1 year and less than $1 billion over 5 years compared with current policy.
- **Beneficiaries**: No effect on beneficiary access to care
- **Providers**: Some providers may receive smaller shared savings payments