

Are You Considering Joining an Accountable Care Organization (ACO)?

Understanding the pros, cons, aspects to consider and questions to ask.

Pros

1. **Enhanced team-based care.** *“Working as a team with other providers and professional can provide a clinical skill set.”¹*
2. **Clinical guidelines and pathways.** *“You may have to accept the ACO’s paths for care, which may or may not be a challenge.”¹*
3. **Processes and workflows are likely to be standardized.**¹
4. **ACO resources.** *“ACOs with well-financed partners, such as large hospitals, can help smaller practices by funding or supplying electronic health records (EHRs), quality improvement resources and care coordinators.”²*
5. **Potential to earn shared savings and improve quality of care.** *“For physicians, the biggest financial incentive of participating in an ACO is the opportunity to share in the savings when they stay under their expenditure target.”²*
6. **Potential to earn bonuses.** *“Some ACO contracts offer bonuses for physicians who hit quality targets, in addition to the shared savings. If a doctor kept a certain percentage of his diabetes patients at a healthy blood sugar level, for example, he might get an additional payment on top of the cost-savings payout...”²*
7. **Control.** *“Many ACOs are physician-led. They allow providers to feel empowered to administer the care patients need, and tests and procedures may be ordered as precautionary that may be considered excessive or even unnecessary. Physicians don’t feel they have to prescribe treatment plans for patients based solely on insurance benefits.”³*

Cons

1. **Clinical guidelines and pathways.** Operationalization of the guidelines in a way that fits with the clinical workflows. And, measurement to ensure that providers are adhering to the care pathway is typically challenging.
“You may have to accept the ACO’s paths for care, which may or may not be a challenge.”¹
Processes and workflows are likely to be standardized.”¹
2. **Individual clinician responsibility for financial losses.** *“...the ACO may hold the physician responsible for financial losses due to poor quality performance.”¹*

3. **Risk.** *“...they (clinicians) are also at risk of losing money if their ACO doesn’t meet quality and cost-savings requirements.”²*
4. **Cost to join an ACO.** *“The startup costs involved with joining an ACO can be prohibitively expensive for some small practices: between \$2 million and \$12 million...”²*
5. **Cost for technology.** *“If your practice hasn’t gone digital yet, you’ll need to invest in the hardware and software to support EHRs—and you’ll have to learn how to use them effectively to manage patient care. Practices also need to have a health information exchange (HIE) system in place, in order to share information with other providers.”²*
“...most of the expenditures a practice makes will involve ongoing costs, as well.”²
6. **Cost of forming a new ACO.** *“If you’re looking to start an ACO by banding together with other small primary care practices, be aware that the costs for starting a new ACO are onerous: between \$11.6 million and over \$26 million. One of the biggest categories in this startup spending is healthcare IT. For small ACOs, the initial IT investment averages \$1 million; for larger ACOs, it’s \$4 million. This IT spending covers everything from EHRs to e-prescribing and data center security. This is why many ACOs are formed by small practices joining with large hospitals that have deeper pockets.”²*
7. **The ‘Law of Large Numbers’.** *“If a small practice with a small number of patients has one patient with a disastrous spate of pricey health care that can make it look like that practice is not managing risk, even if all the other patients are being kept out of the hospital.”²*
“...many smaller private practices often join together (or join with larger providers) in an ACO: so that their combined patient base will be large enough to dilute the effects of the occasional expensive outlier. The risk for any one practice is that it must rely on the other practices in the ACO to be equally skilled at keeping patients healthy and must rely on the ACO’s central management to know how to effectively implement information technology and care management.”²
8. **The Merit-based Incentive Payment System (MIPS) ACO scoring standard.** *“There are clear benefits of being an ACO in MIPS under the proposed MIPS alternative payment model (APM) Scoring Standard.”⁴*
9. **Unintended consequences depending on market share.** *“...however, there is also some concern being raised toward potentially monopolistic practices. Since an ACO must cover 5,000 Medicare patients in order to receive its benefits, in some areas a specific ACO will be the only choice for a patient, and therefore could raise its prices considerably.”⁸*

Aspects to Consider

- **The legal structure.** *“The contractual relationship of an ACO may have different legal structure, (e.g., physical hospital association, independent practice association, or an*

independent practice contracting with an ACO) and may include employed as well as non-employed or independent physicians.”¹

- **The ACO’s governance.** The ACO’s governance drives decision making, such as allocating resources, patient attribution and risk-sharing. How will your voice be heard?
- **The fine print.** *“...reading a contract’s fine print is critical, since it spells out the degree of autonomy, method of sharing in financial incentives and rewards...carefully review the method of dispute resolution and if / how quality measures would be credited to your practice.”¹*
- **Approach with healthy skepticism.** *“...primary care practices should enter into any discussion about joining an ACO with a healthy degree of skepticism. The ACO isn’t just aimed at saving money for individual practices—it’s also trying to save money for insurance companies and large hospital systems. It’s important, he says, to understand “the myriad contracting details that specify just how the risk transfer is allocated” to ensure that the arrangement will be beneficial to your practice.”²*
- **Clinician champion.** *“You need at least one physician at your practice who sees that the payment system is changing and understands what these changes mean. “This person is really going to lead the way, engage and try to make the changes needed...”²*
- **Learning from your peers.** While ACOs are still relatively new, there are now some around the country that have been established for two or three years. Join a **learning collaborative** <https://www.accountablecarelc.org/> to learn from the experience of other practices and see what’s worked best for them.

Questions to Ask

1. What is the legal structure of the ACO?
2. May I have a copy of the contract to review?
3. What is the ACO’s governance structure? How will my input will be considered in decision- making?
4. Is there a list of contacts for ACO members that would be available to share their experience with me?
5. How will patients be attributed to clinicians?
6. What quality measures are clinicians responsible for impacting?
7. What resources are available from the ACO? For example, case managers, nurses, social workers and psychiatrists.
8. What technology is used and are clinicians provided with timely, actionable, relevant data?

9. How does your IT system support clinicians with data on quality, emergency department (ED) utilization, re-admissions and total medical expenditures to help the ACO to succeed?
10. Is it possible to keep our existing EHR, or is the expectation that practices that join the ACO migrate their data to a new EHR system? If practices need to migrate their data, what is the cost?
11. What are all costs that must be incurred to join the ACO?
12. Is there a focus on primary care with engaged specialists to achieve the overall goals of high quality and lower cost?
13. Is the ACO participating in managed security service provider (MSSP) as Basic or Enhanced model? If it is following the Basic track, at what level?
14. How do regional differences across state lines impact ACO cost and quality measures?
15. How did the ACO perform in the previous year(s)? If performance was less than ideal, what strategies are in place to improve performance?
16. What were the MIPS scores in the previous year(s)? If there has been more than one year of MIPS data, was there improvement?
17. How has the ACO performed based on data for 2014, 2015, 2016, etc.? (This data set will have ACO quality, patient satisfaction and financial performance elements.)
18. Is this an ACO that only intends to participate in Centers for Medicare & Medicaid Services (CMS) initiatives, or, is this a clinically integrated network (CIN) that intends to or is currently participating in multiple value-based contracts (e.g. MSSP, Medicare Advantage, Commercial, Managed Medicaid, Direct to Employer)? If it is a CIN, how are providers chosen to participate in particular contracts?
19. What are the consequences of high- or low-quality performance? High or low cost/utilization performance?
20. Have any participants left the ACO voluntarily or been removed? Why?

References

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3. 5 reasons you should consider joining an ACO
<http://quanuminsights.questdiagnostics.com/5-reasons-consider-joining-aco/>
4. Talking to Practices about the Benefits of ACO Participation in a Post-MACRA World

<https://naacos.memberclicks.net/how-to-discuss-the-benefits-of-aco-participation-in-a-post-macra-world>

5. What Are the Benefits of Accountable Care Organizations?
<https://healthpayerintelligence.com/features/benefits-of-accountable-care-organizations>
6. What to Know Before Joining an ACO
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7. Joining an ACO Key to Success Under MACRA, Report Finds
<http://www.ajmc.com/focus-of-the-week/joining-an-aco-key-to-success-under-macra-report-finds>
8. ACOs – Pros, Cons & Challenges of Accountable Care
<https://eligible.com/community/pros-cons-accountable-care-acos/>
9. Substantial ACO Reforms Could Be Forthcoming
<https://www.healthcare-informatics.com/article/payment/exclusive-substantial-aco-reforms-could-be-forthcoming#.WvV133NGk8s.linkedin>
10. Evolent Health CEO Williams on why the road to value-based care is slow
<https://www.healthcaredive.com/news/evolent-health-frank-williams/525232/>

Resources

Website	Resources
Toward Accountable Care Consortium (NC) http://www.tac-consortium.org/nc-acos/	Just 2 of the many resources available from the resource page: THE PHYSICIAN’S CIN AND ACO CONTRACTING GUIDE http://www.tac-consortium.org/wp-content/uploads/2018/03/ACO-and-CIN-contracting-guide_2018.pdf The Physician’s Accountable Care Toolkit© http://www.ncmedsoc.org/wp-content/uploads/2014/03/Phys_Acct_Care_Toolkit_091113_reduced-file.pdf
National Association of ACOs https://www.naacos.com/	NAACOS Overview of the 2018 Medicare ACO Class https://naacos.memberclicks.net/assets/docs/pdf/Overivew2018MedicareACOCohortFinal043018.pdf Talking to Practices about the Benefits of ACO Participation in a Post-MACRA World

Website	Resources
	https://naacos.memberclicks.net/assets/docs/news/talkingpoints_onmacraandmipsforacos080416.pdf
CMS Innovations https://innovation.cms.gov/	Search by state for a list of all innovation models that include APMs and AAPMs
Shared Savings Program Accountable Care Organizations (ACO) PUF https://www.cms.gov/Research-Statistics-Data-and-Systems/Downloadable-Public-Use-Files/SSPACO/	Search ACO-specific metrics as well as summarized beneficiary and provider information for each performance year of the Shared Savings Program
America’s Physician Group http://www.capg.org	APG Educational Series – informative webinars on all aspects of moving to an APM http://www.capg.org/index.aspx?page=376 A Deep Dive on the Medicare Shared Savings Program (MSSP) Final Rule https://www.apg.org/event/a-deep-dive-on-the-medicare-shared-savings-program-mssp-proposed-rule-3/
CMS https://www.cms.gov	CMS Finalizes “Pathways to Success,” an Overhaul of Medicare’s National ACO Program. https://www.cms.gov/newsroom/press-releases/cms-finalizes-pathways-success-overhaul-medicares-national-aco-program