

By the numbers

Accountable Care Organizations seem to be delivering Medicare savings

By: **Anthony Vecchione**, October 28, 2019 at 12:01 am

Accountable Care Organizations (ACOs) throughout New Jersey are cutting costs for the delivery of services to Medicare beneficiaries, savings that are tracked by the Centers for Medicare and Medicaid Services under the Medicare Shared Savings Program. An example is [The HackensackAlliance Accountable Care Organization](#), one of Hackensack Meridian Health's ACOs. It reported that it realized \$49.3 million in savings for performance year 2018.



The organization has also produced shared savings every year since its founding in 2012. Of the estimated \$49.3 million in savings achieved by the ACO, it will receive approximately \$21.6 million. Over its six-year history, the HackensackAlliance ACO said it has saved the Medicare program nearly \$195 million.

According to the National Association of ACOs, there were 35 ACOs with some presence in New Jersey last year. They collectively saved Medicare more than \$145 million and \$69 million after shared savings payments were issued and shared losses collected by the government. Twenty-three ACOs lowered Medicare spending compared to the pre-determined benchmark and 13 of those performed well enough to earn a shared savings bonus.

Three of [Atlantic Health's](#) ACOs: Optimus, Atlantic ACO and Healthcare Quality Partners, saved Medicare nearly \$10 million. According to Atlantic Health, while AACO and Optimus did not pass the minimum savings rate to receive a shared savings payment – one of its newest ACOs, Healthcare Quality Partners ACO, an MSSP track 1+ ACO with downside risk that started in 2018 – saved Medicare \$3.3 million and will receive \$1.6 million in shared savings in 2019.

Atlantic Health has been involved with the Medicare Shared Savings Program since 2012. It currently manages four ACOs with more than 85,700 Medicare beneficiaries.

[Optimus Healthcare Partners](#) is physician-owned, has saved Medicare money in all six years, and achieved shared savings in five of those six years totaling more than \$17 million.

Three of its ACOs are hospital owned; Atlantic ACO has saved Medicare money in three of six years including the largest savings in New Jersey in 2015 of \$35 million, with \$16.7 million in shared savings.

Dr. Thomas Kloos, vice president of Atlantic Health ACO and Atlantic Health MSO, said the organization decided that for its independent physicians who were not quite ready to take on downside risk – they started a new program with Medicare – the Care Better ACO. It incorporates the independent practices within its clinically integrated network.

According to Atlantic Health, in upside risk models, an ACO is not required to pay CMS back for anything it spent over the target that CMS calculates – it simply does not achieve any shared savings. In downside risk models, an ACO not only does not achieve shared savings if they spent over the target, but also must pay CMS back a portion for what they overspent beyond that target.

While AACO and Optimus achieved savings for Medicare in 2018, they did not pass the minimum savings rate to receive a shared savings payment. One of its newest ACOs, Healthcare Quality Partners ACO – a new MSSP track 1+ ACO with

downside risk that started in 2018 – saved Medicare \$3.3 million and will receive \$1.6 million in shared savings in 2019. Kloos said that a big piece of how ACOs save money is coordinating care within the ACO between all of the participants: the hospital system, specialists or primary care doctors.

“We utilize the technology to help us with that because a lot of times in the old system of care there was a lot of waste. In other words, you did not have enough data sharing to know a patient may have had a cardiac ultrasound done two months ago by a different provider – you did not have that info so you ordered another one. So there was a fair amount of waste within the system in duplicative care – so the data has helped us with that,” said Kloos, who is vice chairman of the National Association of ACOs.

RWJBarnabas operates two Accountable Care Organizations (ACO) that participate in the Medicare Shared Savings Program. They also have other ACOs that participate in different Commercial and Medicare Advantage value-based contracts and will be involved in risk contracts with health plan payers effective Jan. 1, 2020 for Medicaid, Medicare Advantage, and Commercial products.

“For Medicare products, we have reduced the cost to Medicare patients through our clinical and programmatic interventions,” said Po Chou, senior vice president, Population Health.

“These interventions are structured to provide the right care, at the right time, for the right Medicare patient. This means ensuring that Medicare patients are provided with high-quality medical care, focused on outcomes-based metrics, cost - efficient care, and exceptional patient experience,” said Chou, adding: “For our high-risk patients, we support our patients and their families through an interdisciplinary approach to care coordination and care navigation with nurses, social workers, clinical pharmacists, diabetic educators, and other members of our care management and care navigation team.”

East Brunswick-based [Partners In Care ACO](#) generated \$6.4 million in savings – an average of \$546 per Medicare patient – in 2018. PIC delivered 50 percent more savings than the minimum threshold required by CMS to earn shared-savings payments.

[Continuum Health](#), PIC’s parent company, provides essential services that drive the ACOs performance, including improved quality of care and reduced unnecessary medical services, such as duplicate tests, for the ACOs nearly 12,000 Medicare beneficiaries.

“A key factor in achieving earned savings that is unique to us is the independent nature of our doctors. We are not a large health system, and a great deal of our focus is supporting members of our organization who desire to remain independent. Our support of their independence is a critical success factor,” said John Brault, chief executive of PIC and senior vice president of payer strategy for Continuum.

Brault said that a major factor in the company’s success is built around going into the practices and teaching and training the doctors and their office staff how to improve quality and lower costs. “We put them in a position to respond well to the changing dynamics of getting paid in today’s health care environment. The world has really shifted over the last 5 to 10 years in terms of moving out of a fee-for-service payment model and toward a fee-for-value environment.”

Brault added that the average independent practice does not necessarily have the resources to be able to perform in that world and his organization can provide support.



John Brault, PIC CEO

“Our model works across every type of physician scenario, whether they use paper charts or have direct, or even indirect access, to the practice’s [electronic medical records],” said David DiGirolamo, executive director of PIC’s ACO. “We work with the physicians where they are, and meet them in the middle and try to figure out what strategies we can use to optimize their results. Our care coordination team saves dollars and helps the practices.”

DiGirolamo added: “One of the key things we do is transform the medical practice with a team of coaches who help optimize the way providers interact with patients. Sometimes that means sharing data with them about their performance, other

times it is helping them with their EMR coding for how they submit bills. We focus our efforts to motivate physicians with data and information that helps them achieve the next level of performance.”

Collaborative Health Systems, a WellCare Health Plans Inc. company, announced recently that the 30 providers in the Accountable Care Coalition (ACC) of New Jersey have generated \$4.6 million in total savings for the Medicare Shared Savings Program (MSSP) during performance year 2018, according to figures released by CMS.

The ACC of New Jersey, a Medicare Accountable Care Organization, achieved both total savings to Medicare and shared savings for the ACO in its first year of operation. In total, the ACO generated \$4.6 million in total savings for Medicare and \$2.3 million in shared savings in performance year 2018.

Dr. Athanasios Papastamelos, ACC’s medical director, said the organization is proud to have generated savings for the Medicare Shared Savings Program and its providers in the first year of the program.

Papastamelos said that ACC is committed to providing high-quality preventive care and chronic disease management to Medicare beneficiaries in its ACO and is grateful that the program allows the organization to demonstrate how it can provide increasing value to the healthcare system and its nearly 3,600 Medicare Fee-For-Service beneficiaries.

The future

Atlantic Health’s Kloos said ACOs have been expanding every year until this past year. “There are currently 560 ACOs – we take care of about 10 million beneficiaries.”

Kloos said that this past year there was a drop off in the number of new ACOs that joined the program in the new Pathway to Success model.

“Some of the concern there is because CMS has made a concerted effort to move ACOs more rapidly in to downside risk – that’s scaring off some of the folks that might have decided to join in the future.”

CMS has felt that ACOs in an upside only track have not saved Medicare as much money as they anticipated. However, that was knocked off by the most recent data – the most recent data for this year – for 2018 numbers really showed that we saved Medicare over \$1.7 billion, Kloos said.

“We think the ACO program has the opportunity to continue to expand. We think it’s the one place where we are starting to see the kind of change that may prevent the Medicare trust fund from going broke in 2027 and we see that more of these ACOs are saving Medicare money.”

Nevertheless, Kloos asserted that it takes time. The ACOs that have been at this longer start to perform better over time but the challenge is that the bar always gets lowered and lowered every year.

“So every year you do well your bench mark goes down and you have to work harder the next year. While we will continue to advocate for some improvements to the program, overall I do believe that it is a program that has worked.”

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