

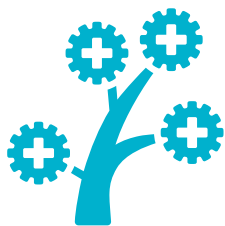
FOLLOW THE LEADER

WHAT SEPARATES ACOs THAT EARN SHARED SAVINGS FROM THOSE THAT DO NOT?



Data released by CMS in 2015 showed that, for the previous year, a large portion of the shared savings earned by ACOs in the Medicare Shared Savings Program (MSSP) was distributed to a concentrated handful of ACOs. So what success secrets does this enlightened group of ACOs have? What do they know that others don't that enables them to earn savings? What are they doing differently? And what are those that are not earning savings doing that is causing them to miss out? Below is a look at three qualities shared by ACOs that are earning savings, as well as three similarities between those that are not earning shared savings. Take a look.

THREE QUALITIES SHARED BY ACOs THAT ARE REALIZING SAVINGS THROUGH THE MEDICARE SHARED SAVINGS PROGRAM:



1. EXPERIENCE

It is not surprising to learn that there is a correlation between the length of time spent in an ACO program and earned savings. The ACOs with the most experience are more likely to be the ones earning savings. For the previous reporting year, about 35 percent of ACOs that began in the first round of the MSSP earned shared savings. In comparison, only 19 percent of those that joined the MSSP in the fourth round earned savings. These numbers show that there is a learning curve to ACO participation. Savings are hard to come by early on, but if organizations make improvements over time, savings can follow. This is something that experienced ACOs understand.



2. INNOVATIVE LEADERSHIP

Another thing financially successful ACOs have in common is that their leaders encourage innovation. Progressive leadership that continuously pushes improvement and advancement is often the driving factor behind financial earnings. Innovation will become even more important as ACOs move beyond one-sided risk and adopt greater risk-sharing. Several presentations at the recent Spring 2016 National Association of ACOs Conference highlighted innovative strategies ACOs are applying now. They included things like working to reduce post-acute care spending, creating home health programs, improving care coordination, integrating community resources and more. The important thing to understand is that medical providers need to operate differently within an ACO, and they need leadership that is not afraid of change. ACOs that work to find new and better ways of doing things can see financial savings.



3. PHYSICIANS

Whether or not an ACO includes physicians impacts how likely it is to earn savings. Data suggests that ACOs that have physicians as participants have a greater potential to earn savings than hospital-only organizations. According to a report by Leavitt Partners, physician groups and hospital-physician combo organizations qualify more often for savings than hospital-only ACOs. Performance results for 2014 show 33 percent of physician groups earned savings, yet only 21 percent of hospital systems were able to earn savings. Also, hospital-only ACOs performed lower when it came to quality. The physician advantage may eventually level out as CMS implements changes to its program models. However, physicians will undoubtedly continue to play an important role in ACOs and influence earning potential.

WHAT SEPARATES ACOs THAT EARN SHARED SAVINGS FROM THOSE THAT DO NOT?



THREE QUALITIES SHARED BY ACOs THAT ARE **NOT** REALIZING SAVINGS THROUGH THE MEDICARE SHARED SAVINGS PROGRAM:



1. DATA CHALLENGES

ACOs are responsible for delivering high-quality care to an entire population of patients. That means ACOs and their member participants need to excel at population health management. If there is one thing that is critical to population health management, it is data. ACOs need to collect, analyze, and apply patient and financial data. And that is a challenging demand for many organizations. Most healthcare providers and administrators have not been trained in mining patient data, so abstracting data from electronic health records, claims, and registries is something they do not have adequate experience with. How ACOs tackle the data management challenge can determine whether or not they earn shared savings. To achieve accountable care goals, medical providers must find solutions that give them a better grasp on data management. That means either partnering with an outside data-management company, or taking steps to become really good at internal data management. ACOs that earn savings face the same data challenges as everyone else, but they find ways around those challenges, and that makes all the difference.



2. QUALITY ISSUES

While ACOs tend to have an easier time meeting accountable care quality measures than cost requirements, that does not mean there aren't serious challenges tied to quality. According to an analysis of MSSP quality losses for the 2014 year, 35 percent of all losses came from three metrics: heart failure admissions, percent of primary care providers who qualified for EMR incentive payment, and chronic obstructive pulmonary disorder/asthma-related admissions. ACOs that don't identify and work to make improvements in these particular areas – and any others where they may be struggling – can't deliver on the quality metrics that will allow them to earn shared savings.



3. UNDERFUNDED

According to the NAACOS, a primary reason why ACOs drop out of accountable care programs is because they find it too difficult to earn savings. And they find earning savings challenging when they are unable to commit enough resources and capital to improving clinical processes, training staff, implementing modern technology, making facility upgrades, and so on. It takes a considerable investment to start – or even just join – an ACO. There are initial costs and ongoing expenses involved. Organizations that can't or won't invest money into developing the ACO are guaranteed to have a difficult time earning shared savings.

As you can see, there are several differences between ACOs that earn savings and those that do not. While these examples are not all encompassing, they do help create distinction between what works and what does not for ACOs that want to earn shared savings.