



Very Brief Overview of the Medicare ACO Proposed Rulemaking Initiatives

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Washington, DC

May 9, 2011

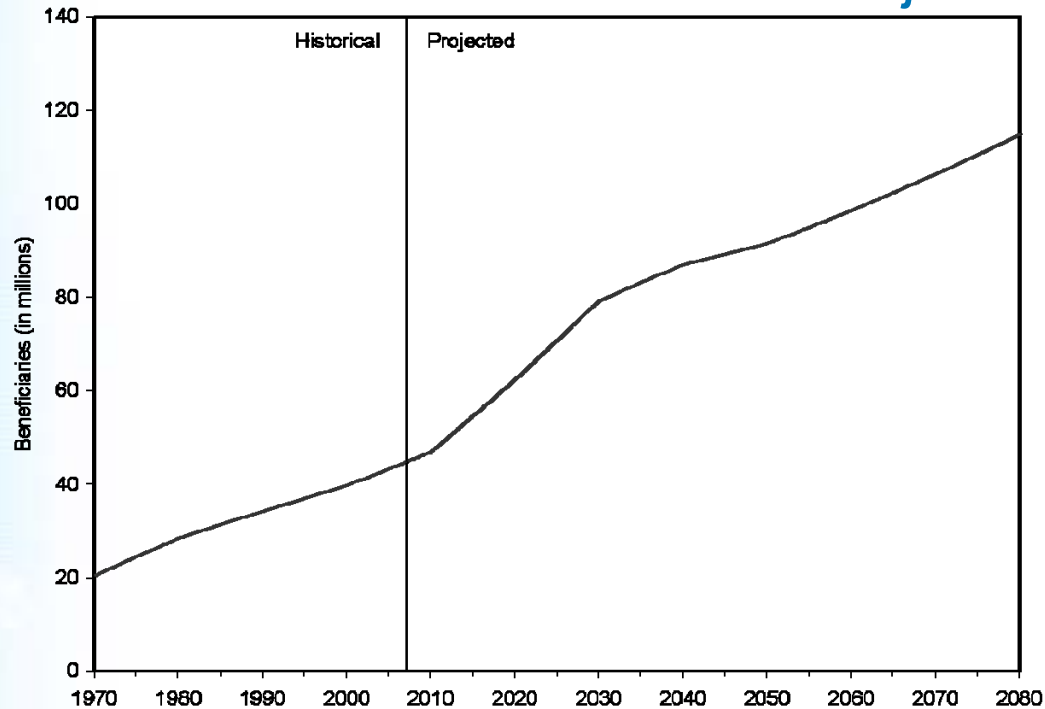


U.S. Health Care Industry

The Trends and Objectives For Improving Access to Health Benefits and Accountable Care

Expected Growth in Medicare Beneficiaries

Medicare Part A Enrollment Projections



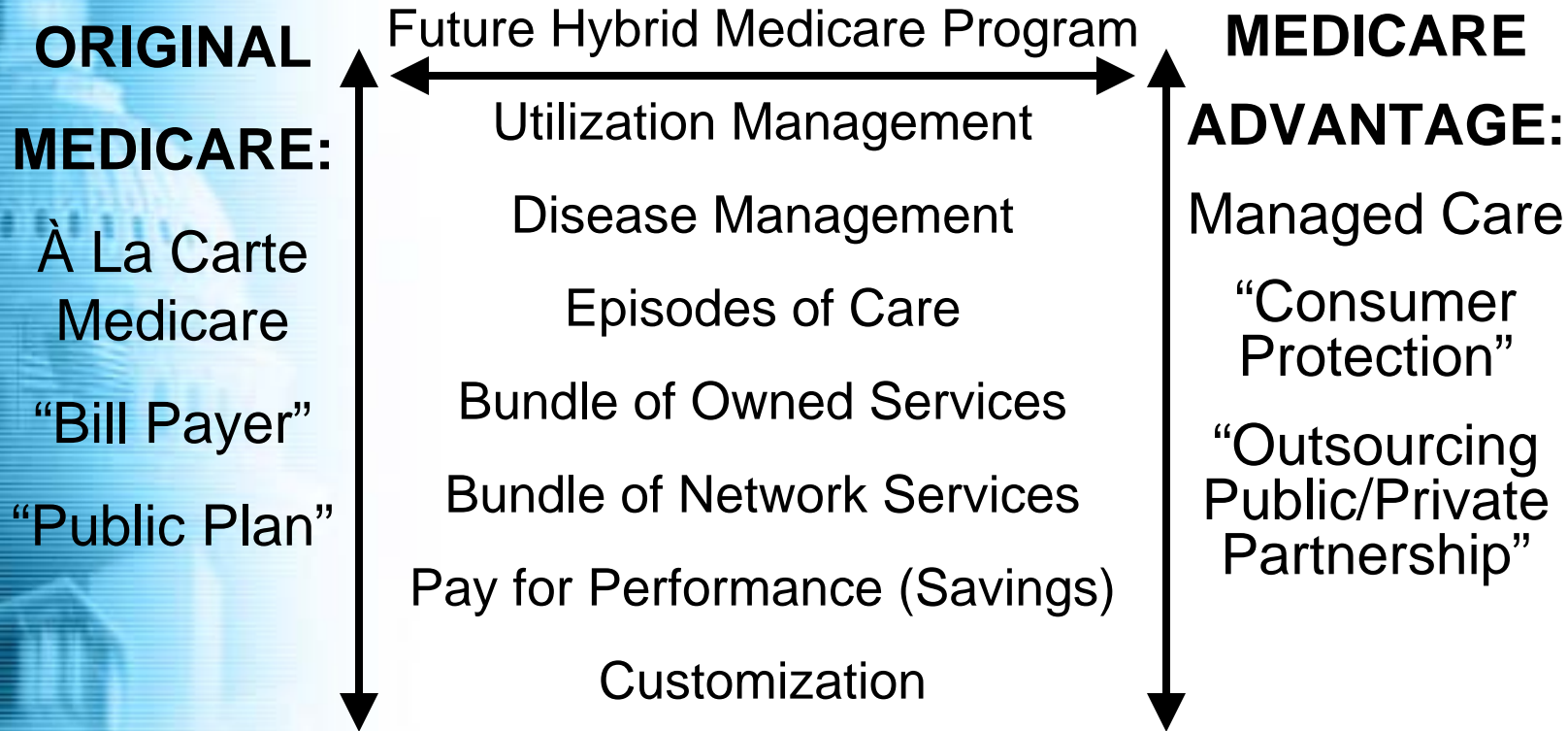
Note: Enrollment numbers are based on Part A enrollment only. Beneficiaries enrolled only in Part B are not included.

Source: CMS, Office of the Actuary, 2009.

Key Facts: Former President George W. Bush's birthday: July 6, 1946

Former President Bill Clinton's birthday: August 19, 1946

Themes for the Medicare Program



What Can Make a Difference for All Health Care Costs

- Shifts in the health status of the population
- Changes in the way health services are delivered
- Payment methods that bundle payments; pay for efficiencies; aggregate payments; pay for savings
- Advances in medical technology
- Malpractice reform
- Changes in consumer preferences (e.g., end-of-life services)
- Political/fiscal discipline

Accountable Care Organization Under the Medicare Program (PPACA)

- An Accountable Care Organization is an organization of health care providers that agrees to be accountable for the quality, cost, and overall care of Medicare beneficiaries who are enrolled in the traditional fee-for-service program and who are assigned to the ACO.
- There are other non-Medicare accountable care organizations or arrangements.
- There are other Medicare payment reforms such as payment bundling during an episode of care; patient-centered medical homes; and value-based purchasing programs.

Accountable Care Organizations Under the Medicare Program (PPACA)

- Eligible ACOs include:
 - Physicians and other professionals in group practice arrangements;
 - Networks of individual physicians/professionals;
 - Partnerships or joint ventures between hospitals and physicians/professionals;
 - Hospitals employing physicians/professionals; and
 - Other forms the Secretary deems appropriate (certain critical access hospitals)

Accountable Care Organizations Under the Medicare Program (PPACA)

- Savings to be shared based on actual costs compared to the benchmark set by the Secretary (losses are relevant in certain circumstances.)
- Allows the Secretary discretion in implementing a partial capitation model for ACOs

Relevant Provisions Regarding ACOs

PPACA specifies the following requirements for conditions of participation:

1. Have a formal legal structure to receive and distribute shared savings.
2. Have a sufficient number of primary care professionals for the number of assigned beneficiaries (to be 5,000 at a minimum).
3. Agree to participate in the program for not less than a 3-year period.
4. Have sufficient information regarding participating ACO health care professionals as the Secretary determines necessary to support beneficiary assignment and for the determination of payments for shared savings.

Relevant Provisions Regarding ACOs

5. Have a leadership and management structure that includes clinical and administrative systems.
6. Have defined processes to (a) promote evidenced-based medicine, (b) report the necessary data to evaluate quality and cost measures (this could incorporate requirements of other programs, such as the Physician Quality Reporting Initiative (PQRI), Electronic Prescribing (eRx), and Electronic Health Records (EHR), and (c) coordinate care.
7. Demonstrate it meets patient-centeredness criteria, as determined by the Secretary.

Relevant Provisions Regarding ACOs

8. For each 12-month period, participating ACOs that meet specified quality performance standards will be eligible to receive a share (a percentage, and any limits to be determined by the Secretary) of any savings if the actual per capita expenditures of their assigned Medicare beneficiaries are a sufficient percentage below their specified benchmark amount. The benchmark for each ACO will be based on the most recent available three years of per-beneficiary expenditures for Parts A and B services for Medicare fee-for-service beneficiaries assigned to the ACO. The benchmark for each ACO will be adjusted for beneficiary characteristics and other factors determined appropriate by the Secretary, and updated by the projected absolute amount of growth in national per capita expenditures for Part A and B. Losses as well as savings are relevant in certain circumstances.

Relevant Provisions Regarding ACOs

9. Specific quality performance standards will be determined by the HHS Secretary and will be promulgated with the program's regulations, they will include measures in such categories as clinical processes and outcomes of care, patient experience, and utilization (amounts and rates) of services.
10. Medicare beneficiaries will continue to be able to choose their health care professionals and other providers.
11. CMS plans to establish the program by January 1, 2012. Agreements will begin for performance periods, to be at least three years, on or after that date.

Important Links to the ACO Rulemaking Process

Public Comments Are Due

CMS Proposed Rule to Establish ACOs under the Shared Savings Program

<http://www.cms.gov/sharedsavingsprogram>

CMS/OIG Joint Notice with Comment Period:

A. Outlining proposals for waivers of certain Federal Laws – the physician self-referral law, the anti-kickback statute and certain provisions of the civil monetary penalty law – in connection with the Shared Savings Program;

B. Waiver design considerations for the Center for Medicare and Medicaid Innovation

<http://www.oig.gov/inspection.aspx?AspxAutoDetectCookieSupport=1>

Important Links to the ACO Rulemaking Process

- IRS issues a notice requesting comments regarding the need for guidance on participation by tax-exempt organizations in the Shared Savings Program through ACOs.

<http://www.irs.gov/newsroom/article/0,,id=222814,00.html>

- Federal Trade Commission and the Department of Justice jointly issues a “Proposed Statement of Enforcement Policy Regarding Accountable Care Organizations Participating in the Medicare Shared Savings Program” (Antitrust Policy Statement).

<http://www.ftc.gov/opp/aco/>