



## ACO Model Shows Smaller Medicare Spending Growth



The Pioneer Accountable Care Organisation (ACO) Model has helped curb increases in total Medicare expenditures of ACO-aligned beneficiaries, resulting in savings of about \$385 million in its first two years of implementation, according to a study published online in *JAMA*.

The Pioneer ACO Model was launched by the Centers for Medicare & Medicaid Services (CMS) in 2012 as an alternative payment method to engage physicians and healthcare organisations willing to assume collective responsibility for the cost and quality outcomes of a specified population of fee-for-service (FFS) Medicare beneficiaries. As part of the incentive to participate, Pioneer ACOs with an annual spending level lower than a projected spending level can receive a portion of the difference between their spending and the projection as shared savings with CMS, conditional on their performance on a set of 33 quality measures.

The study compared increases in spending and utilisation of FFS beneficiaries aligned with 32 Pioneer ACOs (n = 675,712 in 2012; n = 806,258 in 2013) with those of a group of alignment-eligible beneficiaries in the same markets (n = 13,203,694 in 2012; n = 12,134,154 in 2013).

Results showed that total spending for beneficiaries aligned with Pioneer ACOs in 2012 or 2013 increased from baseline (2010-2011) to a lesser degree relative to comparison populations, according to researchers led by Rahul Rajkumar, MD, JD, of the Centers for Medicare & Medicaid Services in Baltimore.

Differential changes in spending were approximately -\$35.62 per-beneficiary-per-month (PBPM) in 2012 and -\$11.18 PBPM in 2013, which amounted to total reductions in increases of nearly -\$280 million in 2012 and -\$105 million in 2013.

A large portion of the smaller increase in spending was from decreases in inpatient utilisation among ACO-aligned beneficiaries, the researchers note. However, greater decreases in primary care evaluation and management office visits, and smaller increases in the use of tests, procedures, and imaging services also were related to the observed differences in changes in spending. There was no difference in all-cause readmissions within 30 days of discharge, but follow-up visits after hospital discharge increased more for ACO-aligned beneficiaries.

Compared with other Medicare beneficiaries, ACO-aligned beneficiaries also reported higher average scores for timely care and for clinician communication.

“Despite decreases in spending growth, results from this study and previously reported data on Pioneer ACOs’ performance on clinical quality measures suggest it is possible to reduce expenditure growth while maintaining

or improving quality in a FFS payment environment," Dr. Rajkumar and colleagues conclude.

In an accompanying editorial, Lawrence P. Casalino, MD, PhD, of Weill Cornell Medical College, Healthcare Policy and Research, New York, comments on the findings of this study: "Nyweide et al. estimated that Pioneer ACOs achieved savings for CMS of \$280 million in their first year. This represents a savings of approximately 4 percent. This amount may seem small, but if this rate of savings could be sustained, and achieved throughout a large part of the US healthcare system, it would be more than enough to 'bend the cost curve' so that healthcare expenditures do not continue to increase as a percentage of the gross domestic product and the federal budget."

Source: [JAMA](#)

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