

Study examines patient care patterns in Medicare accountable care organizations

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A third of Medicare beneficiaries assigned to accountable care organizations (ACOs) in 2010 or 2011 were not assigned to the same ACO in both years and much of the specialty care received was provided outside the patients' assigned ACO, suggesting challenges to achieving organizational accountability in Medicare.

ACOs are intended to foster greater accountability in the traditional fee-for-service Medicare program by rewarding participating [health care provider](#) groups that achieve slower spending growth and [high quality care](#). But unrestricted choice of health care providers is maintained for Medicare beneficiaries and that could weaken incentives and undermine ACO efforts to manage care. Medicare beneficiaries are not required to pick a [primary care physician](#) so Medicare uses utilization rates to assign patients to ACOs.

The authors examined three areas to investigate potential challenges to the Medicare ACO model when applied to outpatient care: the proportion of patients assigned to an ACO in one year who remained assigned the next year; the proportion of office visits outside a patient's contracting organization; the proportion of Medicare outpatient spending billed by a contracting organization that is devoted to assigned patients. The study included 524,246 beneficiaries enrolled in traditional Medicare in 2010 and 2011 and assigned to one of 145 ACOs.

Two-thirds of the Medicare beneficiaries assigned to an ACO in 2010 or 2011 were consistently assigned in both years, but those beneficiaries

who were not consistently assigned included patients in high-cost categories, such as end-stage renal disease, disabilities, and Medicaid coverage. Among ACO-assigned beneficiaries, 8.7 percent of office visits with primary care physicians and 66.7 percent of office visits with specialists were provided outside the assigned the ACO. About 38 percent of the Medicare spending on outpatient care billed by ACO physicians was devoted to assigned beneficiaries.

"Although the structure of ACOs and their responses to new payment incentives will evolve over time, baseline outpatient care patterns among Medicare beneficiaries served by ACOs suggest distinct challenges in achieving organizational accountability. Monitoring the constructs we examined may be important to determine the regulatory need for enhancing ACOs' incentives and their ability to improve care efficiency." J. Michael McWilliams, M.D., Ph.D., of Harvard Medical School and Brigham and Women's Hospital, Boston, and colleagues wrote in their *JAMA Internal Medicine* research paper.

In a related commentary, Paul B. Ginsburg, Ph.D., University of Southern California, Los Angeles, writes: "There is broad consensus among physicians, hospital and health insurance leaders, and policy makers to reform payment to health care providers so as to reduce the role of fee for service, which encourages high volume, and instead to use systems that reward better patient outcomes, such as bundled payments for a population or for an episode of care."

"Inspired by successful shared savings contracts between private insurers and health systems ... the Affordable Care Act accelerated this movement by defining Accountable Care Organizations (ACOs), specifying how ACOs are to be paid and how they are to relate to beneficiaries. But the legislation essentially left beneficiaries out of the equation, not offering incentives to choose an ACO or to commit - even softly - to its health care providers. This absence may severely

undermine the potential of this approach to improve care and control costs," Ginsburg continues.

"The results of the study by McWilliams and colleagues confirm the seriousness of failing to link Medicare beneficiaries with ACOs," Ginsburg notes. "By creating a formal and mutually acknowledged relationship between ACOs and beneficiaries, [health care](#) provider organizations that make the investments needed to coordinate care, manage chronic diseases and manage population health would be more likely to succeed," Ginsburg concludes.

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