

Medicare ACOs have achieved savings in providing care to patients with multiple conditions

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There are now over 700 Accountable Care Organizations (ACO) in place across the country, covering 23 million Americans and making them one of the largest health care payment and delivery reforms underway in the United States. Until recently, little has been known about the effect of Medicare ACOs on overall spending, and whether they have been able to reduce the use of high-cost care settings such as hospital stays and emergency department visits. A new study by Dartmouth Institute researchers found that Medicare ACOs are making modest, yet increasing gains in these areas, particularly when it comes to treating patients with multiple conditions who are responsible for the greatest proportion of spending.

The study, published this week in *JAMA Internal Medicine*, analyzed the impact of 252 Medicare ACOs implemented from 2012 through 2013. Medicare ACOs saved an estimated \$136 per patient annually due in part to [spending](#) decreases in hospital care and skilled nursing facility care. Notably, for clinically vulnerable patients (those treated for three or more conditions), savings increased to \$456 per patient annually.

"What we're finding is that reductions in total spending associated with ACOs are modest, increase slightly over time, and demonstrate savings consistent with other evaluations of ACO impact," says lead author Carrie Colla, PhD.

Using five years of Medicare claims data (2009-2013), the researchers analyzed two population segments: the overall Medicare population, and a subgroup of Medicare beneficiaries treated for three or more conditions (22% of the overall Medicare population). Colla and fellow Dartmouth Institute co-authors, Valerie Lewis, PhD; Lee-Sien Kao; A. James O'Malley, PhD; Chiang-Hua Chang, PhD; and Elliott Fisher, MD, MPH, also looked at total Medicare ACO spending per quarter in areas such as acute care, medical procedures, and long-term care. Findings from the study include:

- Total spending decreased by \$136 annually per beneficiary across the overall Medicare population and \$456 annually per beneficiary in the multiple conditions subgroup.
- Overall, Medicare ACOs are associated with a 1.4% reduction in hospitalization, a 1.4% reduction in acute care spending, a 1.9% reduction in emergency department visits, and a 5% reduction in skilled nursing facility spending.
- The reductions represent an estimated total savings of \$592 million among clinically vulnerable beneficiaries with multiple conditions within the first 1-2 years of ACO implementation.

"With Medicare ACOs, the majority of the savings is concentrated on patients with complex medical needs, indicating that coordinated care is likely a factor in being able to more efficiently treat chronic illness," Colla says.

More information: Carrie H. Colla et al, Association Between Medicare Accountable Care Organization Implementation and Spending Among Clinically Vulnerable Beneficiaries, *JAMA Internal Medicine* (2016). [DOI: 10.1001/jamainternmed.2016.2827](https://doi.org/10.1001/jamainternmed.2016.2827)

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