Medical Xpress

Accountable Care Organizations reduced medical costs without increasing drug costs

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A key component of the Affordable Care Act successfully saved Medicare $345 per person in medical costs in its first year without driving up prescription drug coverage costs, according to an analysis led by the University of Pittsburgh Graduate School of Public Health.

Published in the journal *Medical Care*, the study is the first to look at how the Accountable Care Organization (ACO) model affected Medicare Part D prescription drug spending and use in 2012, the first year the ACO model was implemented in Medicare.

In an ACO, a group of providers is collectively accountable for overall costs and the quality of care for a defined group of patients. Providers' payments are aligned with their performance in improving quality and reducing costs, giving them incentives to provide integrated and coordinated care and effective low-cost treatments to improve patient outcome.

"We found that Medicare beneficiaries with Part D prescription coverage with six or more chronic conditions who were aligned to an ACO had the highest savings on medical costs—$966 per patient in 2012, compared to their peers not assigned to an ACO," said lead author Yuting Zhang, Ph.D., associate professor of health policy and management at Pitt Public Health. "This is encouraging because it demonstrates that ACO providers may be prioritizing their focus on beneficiaries with multiple chronic conditions."

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Zhang and her collaborators in the Centers for Medicare and Medicaid Services, Kadin J. Caines, M.P.H., and Christopher A. Powers, Pharm.D., compared outcomes for 316,366 Medicare Part D beneficiaries aligned with an ACO in 2012 to a random sample of 559,241 similar Medicare beneficiaries not in an ACO during the same time period.

For each group, the research team looked at per person total annual Part D spending, total 30-day prescription drug counts, percent of brand name drugs, and total annual Part A and Part B (hospital and medical insurance) spending, including all non-drug claims.

Being in an ACO didn't significantly affect patients' Part D spending, total prescriptions filled or the percent of claims for brand name drugs. While it is possible that the effect of ACOs on Part D spending and use is highly limited to specific classes of drugs, teasing this apart was beyond the scope of the analysis.

"In the future, we'll need to evaluate the effect of medication prescribing and adherence on clinical outcomes for patients in ACOs compared to their peers who are not in ACOs," said Zhang. "For example, we could link changes in medication adherence for cardiovascular drugs with heart attacks to see if there is a clear difference in prescribing practices and patient outcomes."

Provided by University of Pittsburgh Schools of the Health Sciences

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