What is an Accountable Care Organization?

- An Accountable Care Organization (ACO) is a group of healthcare providers who deliver coordinated care and chronic disease management, thereby improving the quality of care patients receive; the organization’s payment is tied to achieving healthcare quality goals and outcomes that result in cost savings.

- The Patient Protection and Affordable Care Act of 2010 (PPACA) created Medicare ACOs.

- An ACO may include the following types of groups of providers and suppliers:
  - ACO professionals (for example, physicians and hospitals) in group practice arrangements
  - Networks of individual practices of ACO professionals
  - Joint venture between hospitals, providers and commercial payer organizations
  - Hospitals employing ACO professionals
  - Critical-access hospitals, rural health centers, and federally qualified health centers
  - Other Medicare providers and suppliers as determined by the Secretary of the U.S. Department of Health and Human Services (HHS)

- The Centers for Medicare & Medicaid Services (CMS) has developed benchmarks against which Medicare ACOs are judged to determine if it qualifies to share in savings achieved for the care provided.

- The final rule issued by CMS identifies quality measures in the following areas by which ACOs will be judged:
  - Patient/Caregiver Experience
  - Care Coordination/Patient Safety
  - Preventive Health
  - At-Risk Population

- Commercial ACO arrangements not subject to PPACA regulations exist and continue to form around the country and involve payers, hospitals and physician groups, while others involve only one of the latter two; some health insurers are also beginning to implement payment systems that reward quality care outcomes.
  - Goal is to use quality-based metrics to increase health outcomes of members and overall cost savings

- As of May 2012, 221 ACOs operated in 45 states according to a Leavitt Partners study.
  - Includes 118 ACOs with a hospital system and 29 launched by health plans
  - Represents a 35% increase from September 2011
What is an Accountable Care Organization?

Sources


