# New hospitals and health care providers join successful, cutting-edge federal initiative that cuts costs and puts patients at the center of their care

*Medicare Accountable Care Organization initiatives to improve how the health system cares for patients*

Today, the Centers for Medicare & Medicaid Services (CMS) announced 121 new participants in Medicare Accountable Care Organization (ACO) initiatives designed to improve the care patients receive in the health care system and lower costs. With this announcement, ACOs now represent 49 states and the District of Columbia.

"Americans will get better care and we will spend our health care dollars more wisely because these hospitals and providers have made a commitment to change how they do business and work with patients," HHS Secretary Sylvia M. Burwell said. "We are moving Medicare and the entire health care system toward paying providers based on the quality, rather than the quantity of care they give patients. The three new ACO initiatives being launched today mark an important step forward in this effort."

ACOs were created to change the incentives for how medical care is paid for in the U.S., moving away from a system that rewards the quantity of services to one that rewards the quality of health outcomes.

Many Americans who have gotten ill or injured have experienced a situation where they have been shuttled from hospital to doctor's office to doctor's office, often enduring duplicative tests or receiving care that isn't coordinated.

ACOs are groups of doctors and hospitals that join together to develop and execute a plan for a patient's care and share information, putting the patient at the center of the health care delivery system. The ACOs are paid not based on how many tests or procedures are performed but by the success of the treatment administered.

ACOs are delivering better care, and they continue to show promising results on cost savings. In 2014, they had a combined total net program savings of $411 million for 333 Medicare Shared Savings Program (Shared Savings Program) ACOs and 20 Pioneer ACOs. Based on 2014 quality and financial performance results for Shared Savings Program ACOs who started the program in 2012, 2013, and 2014, those that reported in both 2013 and 2014 improved on 27 of the 33 quality measures, including patients' ratings of clinicians' communication, beneficiaries' rating of their doctors, screening for tobacco use and cessation, screening for high blood pressure, and Electronic Health Record use. Shared Savings Program ACOs also outperformed group practices reporting quality on 18 out of 22 measures.

CMS also announced today that providers and hospitals have signed up to join new types of ACOs, which in addition to being paid for positive patient outcomes will also receive penalties for negative ones. With new participants in the Shared Savings Program (SSP), the Next Generation ACO Model, Pioneer ACO Model, and the Comprehensive ESRD Care Model, there will now be:

- Nearly 8.9 million beneficiaries served
- A total of 477 ACOs across SSP, Pioneer ACO Model, Next Generation ACO Model, and Comprehensive ESRD Care Model
- 64 ACOs are in a risk-bearing track including SSP, Pioneer ACO Model, Next Generation ACO Model , and Comprehensive ESRD Care Model

**The Next Generation ACO Model** is a new CMS Innovation Center initiative that builds upon experience from the Pioneer ACO Model and the Shared Savings Program. With 21 participating ACOs, the new model offers a new opportunity in accountable care—one that enables providers and beneficiaries greater opportunities to coordinate care and aims to attain the highest quality standards of care. Unlike other models, this model includes a prospectively (rather than retrospectively) set benchmark, allows beneficiaries to choose to be aligned to the ACO, and tests beneficiary incentives for seeking care at Next Generation providers, including increased availability of telehealth and care coordination services.

The Next Generation Model participants will have the opportunity to take on higher levels of financial risk – up to 100 percent risk – than ACOs in current initiatives. While they are at greater financial risk they also have a greater opportunity to share in more of the Model's savings through better care coordination and care management. In addition, the ACOs will receive their budgets prospectively, in advance of the performance year, to plan and manage care around these financial targets from the outset. The ACOs will also be able to select from flexible payment options, such as infrastructure payments that support ACO investments in care.

**The Medicare Shared Savings Program** welcomed 100 new ACOs and nearly 150 renewing ACOs on January 1, 2016. Since the start of the ACO program in early 2012, thousands of health care providers have signed on to participate. In 2016, approximately 15,000 more physicians will be participating in ACOs under the program. With the new group of ACOs, CMS will have 434 ACOs participating in the Shared Savings Program next year, serving more than 7.7 million beneficiaries. ACOs have demonstrated increased interest in performance-based risk arrangements, with 22 ACOs now opting for either Track 2 or Track 3 participation.

Thirty-nine Shared Savings Program ACOs will also participate in the **ACO Investment Model** (AIM). This model, which has a total of 41 participants, will provide pre-paid shared savings to encourage new ACOs to form in rural and underserved areas and to encourage current Shared Savings Program ACOs to transition to performance-based risk arrangement. The up-front payments distributed through the AIM support ACOs in improving infrastructure and redesigning care processes to provide beneficiaries with lower cost and higher quality health care.

"Accountable Care Organizations are improving quality of care and spending dollars more wisely. These new initiatives place patients at the center of a coordinated care delivery system and give providers the tools to achieve better outcomes," said Patrick Conway, Deputy Administrator for Innovation and Quality and Chief Medical Officer for CMS.

These initiatives also advance the Administration's goals, announced on January 26, 2015, to move 30 percent of traditional Medicare fee-for-service payments into alternative payment models that pay providers based on the quality rather than the quantity of care they provide patients by 2016 – and 50 percent by 2018. The Affordable Care Act provides tools, such as Medicare ACOs, to move our health care system toward one that rewards doctors based on the quality, not just the quantity, of care they give patients. Today's announcement is part of the Administration's broader strategy to improve the health care system by paying providers for what works, unlocking health care data, and finding new ways to coordinate and integrate care to improve quality. More than 4,600 payers, providers, employers, patients, states, consumer groups, consumers and other partners have registered to participate in the Health Care Payment Learning and Action Network, which was launched to help the entire health care system reach these goals.

For more information on the Next Generation ACO Model, including the list of provider participants, please visit the Next Generation ACO Model web page.

For the Shared Savings Program, visit the Medicare Shared Savings Program web page.

For more information on the AIM, please visit the ACO Investment Model web page.

The Center for Medicare and Medicaid Innovation (CMS Innovation Center) https://innovation.cms.gov/index.html was created by the Affordable Care Act to test innovative payment and service delivery models to reduce program expenditures while preserving or enhancing the quality of care for Medicare, Medicaid and Children's Health Insurance Program (CHIP) beneficiaries. The CMS Innovation Center is committed to transforming Medicare, Medicaid and CHIP to help deliver better care, and smarter spending for Medicare, Medicaid and CHIP beneficiaries, and healthier populations.