

GAO Highlights

Highlights of [GAO-15-401](#), a report to the Ranking Member, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

ACOs were established in Medicare to provide incentives to physicians and other health care providers to better coordinate care for beneficiaries across care settings such as doctors' offices, hospitals, and skilled nursing facilities. The Pioneer ACO Model was established as a result of the Patient Protection and Affordable Care Act of 2010 creating CMMI in CMS to test new models of service delivery in Medicare. Thirty-two ACOs joined the model in 2012, the first year. Under the model, CMS rewards ACOs that lower their growth in health care spending while meeting performance standards for quality of care.

GAO was asked to review the results of the Pioneer ACO Model and CMS's oversight of the ACOs. In this report GAO (1) describes the financial and quality results for the first two years of the model and (2) examines how CMS oversees and evaluates the model.

To do this work, GAO analyzed data from CMS on the financial and quality results for each ACO for 2012 and 2013 (the first two years of the model). GAO analyzed ACOs' expenditures, spending benchmarks, the amount of shared savings and losses, and payment amounts for shared savings or losses. GAO also reviewed relevant laws, regulations, and documents describing CMS's oversight and evaluation role and interviewed CMS officials about the agency's oversight and evaluation activities.

View [GAO-15-401](#). For more information, contact Kathleen M. King at (202) 512-7114 or KingK@gao.gov.

April 2015

MEDICARE

Results from the First Two Years of the Pioneer Accountable Care Organization Model

What GAO Found

Health care providers and suppliers voluntarily form accountable care organizations (ACO) to provide coordinated care to patients with the goal of reducing spending while improving quality. Within the Centers for Medicare & Medicaid Services (CMS), the Center for Medicare & Medicaid Innovation (CMMI) began testing the Pioneer ACO Model in 2012. Under this model, ACOs can earn additional Medicare payments if they generate savings, which are shared with CMS, but must pay CMS a penalty if their spending is higher than expected. ACOs must report quality data to CMS annually and meet quality performance standards.

GAO found that fewer than half of the ACOs earned shared savings in 2012 and in 2013, although overall the Pioneer ACO Model produced net shared savings in each year. Specifically,

- Forty-one percent of the ACOs produced \$139 million in total shared savings in 2012, and 48 percent produced \$121 million in total shared savings in 2013.
- In 2012 and 2013 CMS paid ACOs \$77 million and \$68 million, respectively, for their shared savings.
- The Pioneer ACO Model produced net shared savings of \$134 million in 2012 and \$99 million in 2013.

GAO also found that ACOs that participated in both years had significantly higher quality scores in 2013 than in 2012 for 67 percent of the quality measures.

CMS oversees the use of Medicare services by beneficiaries receiving their care from ACOs and the quality of care that ACOs provide, consistent with the contract between CMS and ACOs and CMS regulation, and has reported publicly on findings from its evaluation of the model. CMS reviews reports on each ACO's service use, expenditures, and quality performance and investigates complaints about ACOs. As of February 2015, CMS officials said the agency had investigated two potentially discrepant trends in service use. CMS determined that one ACO did not meet the quality performance standards in 2013, and, as a result, CMS is requiring it to implement an action plan to ensure future compliance. Based on its monitoring efforts, CMS has no substantiated evidence suggesting that beneficiary care has been compromised, as of February 2015. CMS reported publicly on its evaluation findings, as provided for by law, in 2013. CMS included in this initial report findings related to Medicare service use and expenditures and ACO characteristics—two of the eight research areas that it established for the evaluation. CMS officials told GAO that the agency has shared preliminary findings within CMS for five of the six remaining areas and that it plans to report publicly on additional findings in 2015.

In commenting on a draft of this report, the Department of Health and Human Services (HHS) emphasized the overall goal of the Pioneer ACO Model. HHS also provided technical comments that GAO incorporated as appropriate.