Skepticism greets Medicare ACO shared savings program

The proposed rule for accountable care organizations allows physicians to share experts question how many will buy into the program.

By CHARLES FIEGL, amednews staff. *Posted April 18, 2011.*

Washington -- Physicians and hospitals coordinating their patients' care would share i worth of savings to the Medicare program under a new payment model set to begin i

The Centers for Medicare & Medicaid Services released a long-awaited proposed r organization program on March 31. It's the latest effort by CMS to pay doctors base outcomes instead of just service volume.

Physicians volunteering to be part of the effort would share risk by paying penaltie costing Medicare more money than anticipated.

The American Medical Association is reviewing the proposal and related draft guic such as the Federal Trade Commission and the Dept. of Justice, said Jeremy A. Laza House of Delegates.

ACOs will work only if all doctors who want to participate are able, Dr. Lazarus sa barriers must be addressed, including the large capital requirements to fund an ACO an individual physician's practice, existing antitrust rules and conflicting federal pol

An estimated 1.5 million to 4 million Medicare patients will receive care from an A rule. The agency estimates startup costs and first-year operating expenditures for eac Payouts to the 75 to 150 ACOs could reach $800 million in bonuses over three years assess $40 million in penalties.

ACO networks must have at least 5,000 patients. A hospital would not necessarily would report 65 quality measures on patient experience, care coordination, patient sa at-risk populations.

The University of Michigan has participated in the Medicare physician group pract shared savings payment model, during the past four years. The university has earned saving the Medicare program about $36 million, said David Spahlinger, MD, senior and executive director of the university's faculty group practice.

The university probably will bid to participate in the ACO program next year, but t make earning bonuses difficult, Dr. Spahlinger said. He cited the increase in quality demonstration group has reported. Challenges also will arise when attempting to me governing board. Dr. Spahlinger worries that appointing members could conflict wit

Two ACO payment tracks

The proposed rule outlines two tracks for ACOs. The first track establishes lower r groups just getting started with the care coordination concept. Groups can earn bonu 50% of savings, but they are exposed to potential penalties only during the third and

The second track has higher risks and rewards. Groups are subject to penalties for a to capture up to 60% of savings in annual bonuses based on the ACO's quality perfo

Doctors in an ACO will continue to bill Medicare under the fee-for-service system. also retain the right to see the physicians they choose regardless of ACO affiliation, M. Berwick, MD.

"Beneficiaries don't enroll in an ACO; the provider does," he said. "Under the rule, ACO is required to inform patients ... that [the provider is] a member of the ACO."

Advocate Physician Partners, an alliance of 3,800 physicians in Illinois, is in the fi program with BlueCross BlueShield of Illinois. Officials are studying the CMS rule, will participate as a Medicare ACO next year, said Mark Shields, MD, senior medic based alliance.

"It's a significant hurdle to succeed with the Medicare ACO program as the regs ar "It's not the place for an organization that has not already done significant care reorg

For instance, the ACO proposal requires that 50% of the physicians are meaningful records as defined by the Dept. of Health and Human Services.

Several federal agencies vetted the proposed rule because of antitrust and tax conce Dept., the FTC, the Internal Revenue Service and the HHS Office of Inspector Gene Policy statements indicated that physicians and hospitals must continue to be cogniz

"By forming an ACO, one is not exempt from antitrust laws," said Christine Varne the Justice Dept.'s Antitrust Division. "Those who collaborate to fix prices inappropr

Doubts about a revolution

Some experts are skeptical that ACOs will change the American health system to a Cannon, director of health policy studies at the libertarian Cato Institute in Washing ACO effort a zero percent chance of realizing significant savings for the Medicare p only in the private market.

ACOs aim to save money "by getting doctors to provide fewer services," Cannon s

"If you do that they are going to get paid less, there will be fewer jobs for doctors, protest."

There are ACOs and integrated health systems that save money and control costs, s policy analyst in Alexandria, Va. But these systems represent a tiny percentage of th said Medicare ACOs are great in theory, but he questioned whether they will change hospitals always can make more with fee-for-service.

ADDITIONAL INFORMATION:

Staying compliant in an ACO

The Dept. of Justice, Federal Trade Commission, Internal Revenue Service and Dep Office of Inspector General have released draft policy statements on accountable car elements:

Antitrust policy: The Justice Dept. and the FTC would review an ACO with a 50% or service that two or more independent ACO participants provide to patients in the sar

"Safety zone": An ACO with a combined market share of 30% or less of common ser
unlikely to raise significant competitive concerns."

Waivers: The Centers for Medicare & Medicaid Services and the OIG will waive the
kickback and civil monetary penalties statutes for ACOs when groups meet federal c

Taxes: The IRS says tax-exempt organizations must ensure that shared savings with
earnings that benefit insiders.

How to weigh in

The Centers for Medicare & Medicaid Services expects a significant number of publ
rule before the comment period closes at 5 p.m. June 6. All comments must refer to

- Make comments online (**www.regulations.gov**). Follow the "Submit a comment" instructio
organizations" or "CMS-1345-P" in the "keyword or ID" field.
- Mail comments to: Centers for Medicare & Medicaid Services, Dept. of Health and Huma
P.O. Box 8013, Baltimore, MD 21244-8013
- Send by express or overnight mail to: Centers for Medicare & Medicaid Services, Dept. o
Attention: CMS-1345-P, Mail Stop C4-26-05, 7500 Security Blvd., Baltimore, MD 2124