

Connecticut Should Monitor ACOs to Protect Consumers and Taxpayers

What are ACOs?

According to the Centers for Disease Control and Prevention (CDC), “An Accountable Care Organization (ACO) is an integrated delivery system in which a group of health care professionals or organizations enters into a formal agreement with a payer . . . to deliver improved cost, quality, and health outcomes for a defined population of patients. ACO payment models vary by ACO depending on the amount of risk that providers are prepared to assume. However, achieving cost savings and realizing shared savings is a fundamental goal for all ACOs.” They often include hospitals, primary care and specialty providers, long term services and supports, and behavioral health providers. ACO health systems can be led by provider practices, hospitals, insurers or other entities.

Does Connecticut Have any ACOs?

Yes. Many Connecticut residents are in an ACO and do not know it. Connecticut is among the states with the highest ACO penetration, with an estimated 15 to 20% of residents covered¹. There are currently fourteen Medicare ACOs and fourteen Medicaid ACOs covering 179,468 state residents². There is no public reporting on the number or enrollment in ACOs covering commercially insured state residents.

What are the goals and concerns about ACOs?

According to our survey of Connecticut ACOs, the majority were formed to coordinate and improve the quality of care with a population health focus.³ However, the growth of large integrated health systems like ACOs raise anti-trust and consumer choice concerns. Advocates are also very concerned that as ACOs are rewarded for lowering the total cost of patient care, they may deny people needed care, as managed care organizations did in the 1990s. While ACOs must reach quality benchmark standards to qualify for savings rewards, those are generally very low and have little to do with health outcomes.⁴

¹ D Muhlestein, et. al., Recent Progress in the Value Journey: Growth of ACOs and Value-Based Payment Models in 2018, Health Affairs blog, August 14, 2018, <https://www.healthaffairs.org/doi/10.1377/hblog20180810.481968/full/>

² Sources: Data.cms.gov and DSS. Four Connecticut ACOs participate in both Medicare and Medicaid.

³ Survey of CT ACOs: Early Yet, Good Intentions but Uncertain Future, CT Health Policy Project and Hartford Business Journal, March 2016, <http://cthealthpolicy.org/index.php/2016/03/07/survey-of-ct-acos-early-yet-good-intentions-but-uncertain-future/>

⁴ B Saver et. al., Care That Matters: Quality Measurement and Health Care, PLOS Medicine, November 2015, <https://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1001902>

What do we know about how ACOs are treating patients and how much money they are saving?

Very little. Connecticut has no state ACO reporting requirements across payers, as we do for insurance plans. In contrast to the goal of lowering costs, Connecticut ACOs in both Medicare and Medicaid have records of increasing spending with little impact on quality⁵. There is no information on care or costs for Connecticut residents in ACOs covered by commercial health plans. In contrast, since 1895 the state has regulated insurance companies that are at financial risk.

Do other states regulate ACOs?

Yes, Massachusetts has certified eighteen ACOs to date⁶ and Vermont, with a small population, has created a statewide all-payer ACO⁷. Both states have a long history of data-based policymaking, health information exchange, quality improvement and oversight, and trusted, collaborative health reforms.

NCQA, an independent leader in accreditation standards, certifies ACOs. “The purpose of the [ACO] Certification program is to complement existing local and national care transformation and payment reform efforts, validate value-based care, and promote investments by payers in efficient, high-quality, and cost-effective care.”⁸

Bottom line: As ACOs are responsible for health care costs and quality for a growing number of state residents, Connecticut needs to monitor their impact on our health and economy.

⁵ CT Medicare ACOs Overspent by \$45 million in 2016, CT Health Policy Project, July 2018, <http://cthealthpolicy.org/index.php/2018/07/26/connecticut-medicare-acos-overspent-by-45-million-in-2016/>; PCMH+ Year 1 Performance and Savings Results: Increased State Costs but Little Evidence of Impact on Quality, CT Health Policy Project, December 2018, <http://cthealthpolicy.org/index.php/2018/12/20/pcmh-plus-year-1-performance-and-savings-results-increased-state-costs-but-little-evidence-of-impact-on-quality-or-lowering-costs/>

⁶ MA Health Policy Commission, <https://www.mass.gov/service-details/the-hpc-accountable-care-organization-aco-certification-program>

⁷ One Care Vermont, <https://onecarevt.org/>

⁸ NCQA, <https://www.ncqa.org/programs/health-care-providers-practices/accountable-care-organizations-aco/>