ACOs Saved Medicare Nearly $1B In First Three Years

The HHS Office of Inspector General recently reported that Medicare accountable care organizations (ACOs) saved the program nearly $1 billion over the first three years of the Medicare Shared Savings Program. The report was published as the Trump administration rethinks the role of the Center for Medicare & Medicaid Innovation (CMMI) that developed ACOs.

The Affordable Care Act relies heavily on ACOs to change the way providers deliver services, but ACOs take years to show results, which opened them to criticism. The Inspector General acknowledges that major pay reforms take time to show their potential, but also said that spending per beneficiary at many ACOs, and the national average for fee-for-service providers, continues to increase.

Over the first three years of the program, 428 ACOs served 9.7 million beneficiaries. Most ACOs reduced Medicare spending compared to their benchmarks and reduced net spending nearly $1 billion. ACOs improved their performance on 82 percent of the individual measures on the quality of care. ACOs also outperformed fee-for-service providers on 81 percent of the quality measures.

A subset of ACOs cut Medicare spending $673 per beneficiary for key Medicare services while providing high-quality care.