

### Introduction

Accountable Care Organizations (ACOs) are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care to their Medicare patients. The goal of coordinated care is to ensure that patients, especially the chronically ill, get the right care at the right time, while avoiding unnecessary duplication of services and preventing medical errors. Post-acute organizations that serve seniors are increasingly being faced with payors offering "value-based" contracts and fewer fee-for-services contracts.

Many states are implementing Medicaid managed care programs to reduce their costs. Since the ACOs and other payors are focusing on value-based contracting, post-acute care providers must factor in the following:

Source: <https://www.mcknights.com/news/ask-the-legal-expert-about-participating-in-an-aco/article/635001/>

CMS: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ACO/>

### Tips

1. Show you are cost-effective and efficient (reduced unit price).
2. Show you have full services (home care, rehab, subacute Medicare, case management).
3. Establish protocols and practices to reduce hospital readmission.
4. What services are you contracting to provide, and at what price?
5. What policies and procedures of the payor are being incorporated into the contracts?
6. How you establish that higher quality is being provided.
7. How you and the payor establish that you are a lower-cost provider.
8. Under the contract, do you share in the costs-saving bonuses or increased payments received by the payor, and do you share in the risk if there are no cost savings?
9. Do you help the payor establish cost saving or readmission reducing protocols, or establish other wellness outcomes by patient populations?
10. Should you become a part owner of the ACO and/or have a representative serve on the board of directors?
11. Can you help design how an ACO or provider keeps its data?

Undertaking risk-sharing and value-based contracting with payors will increase in importance and the process for such contracting should not be taken lightly.

### Medicare offers several ACO programs:

- **Medicare Shared Savings Program**—a program that helps a Medicare fee-for-service program providers become an ACO. Apply Now.
- **Advance Payment ACO Model**—a supplementary incentive program for selected participants in the Shared Savings Program.
- **Pioneer ACO Model**—a program designed for early adopters of coordinated care. No longer accepting applications.

### ACO



### Initiative Details: Advance Payment ACO Model

Selected organizations received an advance on the shared savings they are expected to earn. Participating ACOs received three types of payments:

- **An upfront, fixed payment:** Each ACO received a fixed payment.
- **An upfront, variable payment:** Each ACO received a payment based on the number of its historically-assigned beneficiaries.
- **A monthly payment of varying amount depending on the size of the ACO:** Each ACO received a monthly payment based on the number of its historically-assigned beneficiaries.

Advance payments were structured in this manner to acknowledge that new ACOs will have both fixed and variable start-up costs.

### Model Details: Pioneer ACO Model

The payment models tested in the first two years were a shared savings payment policy which had generally higher levels of shared savings and risk for than levels proposed in the Medicare Shared Savings Program. In the third year of the program, participating ACOs that showed a specified level of savings over the first two years were eligible to move a substantial portion of their payments to a population-based model. These models of payments were also flexible to accommodate the specific organizational and market conditions in which Pioneer ACOs worked..

### Shared Savings Program

Providers and suppliers (e.g., physicians, hospitals, and others involved in patient care) an opportunity to create a new type of health care entity.. An ACO agrees to be held accountable for the quality, cost, and experience of care of an assigned Medicare fee-for-service (FFS) beneficiary population. The Shared Savings Program has different tracks that allow ACOs to select an arrangement that makes the most sense for their organization.

The Shared Savings Program is an alternative payment model that:

- Promotes accountability for a patient population.
- Coordinates items and services for Medicare FFS beneficiaries.
- Encourages investment in high quality and efficient services.



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Published 1st March, 2018.  
Last updated 1st March, 2018.  
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