

ACO Evaluation Reporting To Date – a Misleading Stream of CMS Information Management

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The Menges Group

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Areas of Concern with CMS' Reporting of Medicare ACO Financial Outcomes

- CMS evaluation reporting focuses on those ACOs whose claims costs came in under budget, but does not balance this with the same information about the ACOs who came in at or above projected costs.
- CMS highlights the total dollar amount by which the relatively successful ACO claims costs collectively came in under their medical cost target.
 - Across the large Medicare population served by ACOs, this will almost always be a large number and will create the impression that the program is yielding excellent savings.
 - CMS does not emphasize the more important net savings figures (after all administrative and incentive payments are made to ACOs)
- CMS has not shared the gross nor the net savings that have occurred across **all** participating ACOs (only across the ACOs where savings were deemed to occur).
- CMS has not disclosed the net percentage savings the overall program has yielded against projected baseline costs – across all ACOs.
- Collectively, this comes across as an attempt to “spin” ACO performance results to appear as favorable as possible.

Excerpts from CMS January 2014 ACO Evaluation Reporting – With Our Comments

CMS Text: “Of the 54 ACOs that exceeded their benchmarks in the first 12 months, 29 generated shared savings totaling more than \$126 million – a strong start this early in the program. In addition, these ACOs generated a total of \$128 million in net savings for the Medicare Trust Funds.”

- Source: <http://www.cms.gov/Newsroom/MediaReleaseDatabase/Press-Releases/2014-Press-releases-items/2014-01-30.html>

The Menges Group’s Comments: When 54 of 114 ACOs have reported claims costs underneath a pure FFS target, and 60 do not, is this really a “strong start?” Statistically, we’d expect half (57) of these ACOs to come in below the target if *none* of the ACOs even *attempted* to contain costs. It’s not clear that the entire ACO program out-performed a random coin flip. Also, the \$126 and \$128 million figures, conveyed just for the 54 ACOs that achieved savings, is selective rather than objective. This is exactly what one would expect from someone striving to “sell” rather than “inform.” Important but omitted information: a) how much over their targets did the other 60 ACOs collectively land?; b) what were the program-wide savings (before and after incentive payments were made) **across all 114 ACOs**, in total dollars and as a percentage of projected costs in absence of the ACO program?

Excerpts from CMS September 2014 ACO Evaluation Reporting – With Our Comments

CMS Text: “58 Shared Savings Program ACOs held spending \$705 million below their targets and earned performance payments of more than \$315 million as their share of program savings. Total net savings to Medicare is about \$383 million in shared savings, including repayment of losses for one Track 2 ACO. An additional 60 ACOs reduced health costs compared to their benchmark, but did not qualify for shared savings, as they did not meet the minimum savings threshold.”

- Source: <http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2014-Fact-sheets-items/2014-09-16.html>

The Menges Group’s Comments: CMS is reporting savings figures across only those ACOs that achieved savings (rather than program-wide net savings across all participating ACOs). CMS also chooses to report only total dollar figures when percentage savings figures are needed to provide appropriate context. The reported total dollar figures’ only utility is to create an impression of a “big accomplishment.” Policymakers considering adopting this type of care coordination model (e.g., state Medicaid stakeholders) need to ascertain percentage savings dynamics. Such information, while readily available, was omitted in CMS’ reporting.

CMS Should Fully Convey ACO Programmatic Outcomes – Backwards and Forwards in Time

- Drawing upon all prior evaluation efforts, the public deserves full disclosure of the Medicare ACO performance findings from each evaluation year.
 - Across *all* ACOs evaluated, what were the gross medical savings, the net medical savings, and the percentage gross and net savings against the target population's expected overall Medicare expenditures? This information is readily available to CMS, is important, and needs to be shared.
 - How does the above information line up by state and/or region, type of ACO (e.g., Pioneer versus other), type of ACO ownership, etc.?
- In all subsequent ACO program evaluations – objectively convey all policy-relevant program outcomes that the researchers have uncovered (regardless of degree to which the results are favorable/unfavorable).
- CMS has capable researchers who can ensure that this occurs. The question is whether CMS is willing to fully and objectively report the program's outcomes -- or if politics and corresponding “information management” activities determine what the public will be able to learn about ACO program performance.

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