



MEDICARE
SHARED SAVINGS
PROGRAM

Medicare Shared Savings Program Performance Year 2018 Financial and Quality Performance Results Overview

For ACOs Reconciled in Performance Year 2018

October 24, 2019

Medicare Shared Savings Program

DISCLAIMER

- This communication material was prepared as a service to the public and is not intended to grant rights or impose obligations. It may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations, and other interpretive materials for a full and accurate statement of its contents.



MEDICARE
SHARED SAVINGS
PROGRAM

Agenda

- Introduction
- Performance Year (PY) 2018 Quality Performance Results Overview
- PY 2018 Financial Performance Results Overview



MEDICARE
SHARED SAVINGS
PROGRAM

Introduction

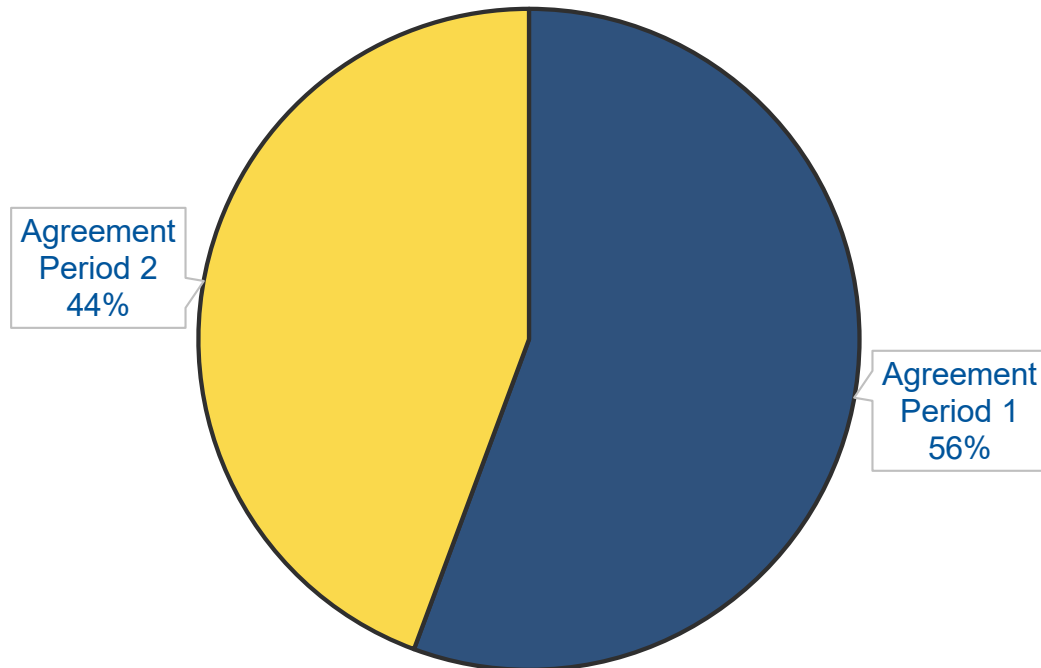
- PY 2018 Final Report Timeline
- Overview of ACOs Reconciled in PY 2018

PY 2018 Financial Reconciliation Settlement and Quality Performance Reports Timeline

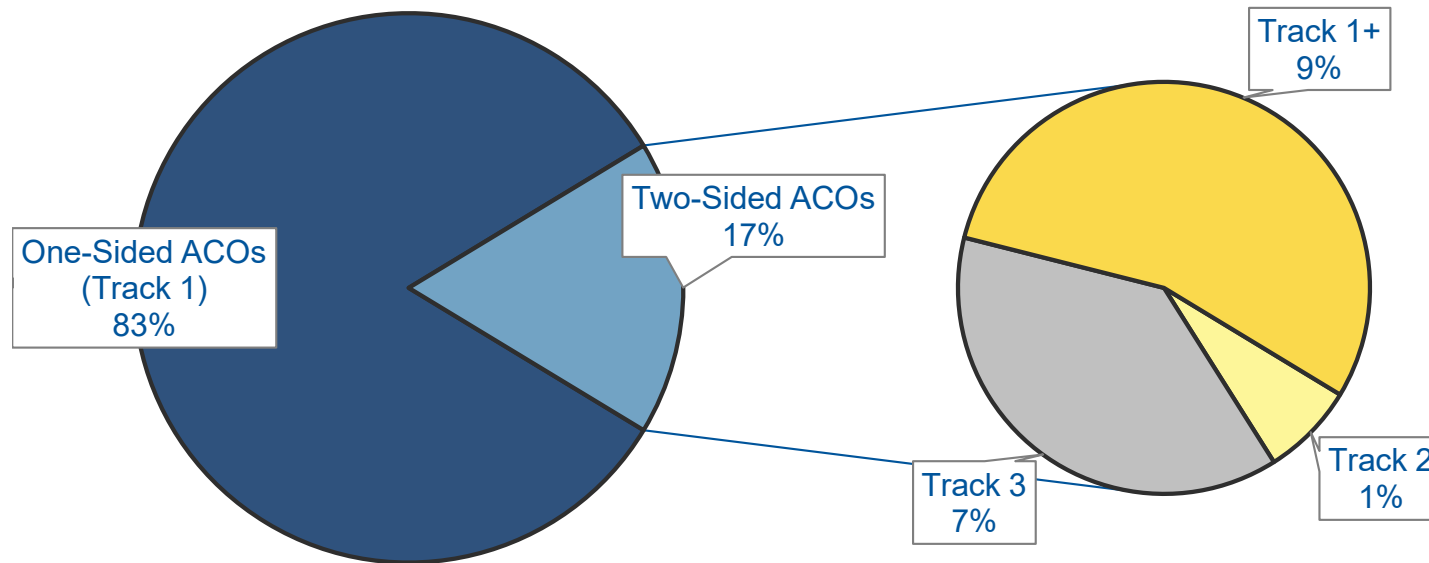


- On August 16, 2019, CMS delivered **embargoed** PY 2018 Financial Reconciliation Settlement and Quality Performance Reports and accompanying reports and files
 - **Financial Reports Package:** Financial Reconciliation Settlement Report; Assignment List Report (ALR); Assignment Summary Report (ASR); Aggregate Expenditure/Utilization Report (EXPU); Non-Claims-Based Payment (NCBP) data file
 - **Quality Reports Package:** Quality Performance Report; ACO-11 Detailed Report; Consumer Assessment of Healthcare Providers & Systems (CAHPS) Performance Report
- On September 30, 2019, CMS delivered **unembargoed** versions of the Financial Reconciliation Settlement and Quality Performance Reports and released the PY 2018 Shared Savings Program ACO Public Use File (PUF)
- Reports are accessible through your ACO's Managed File Transfer (MFT) mailbox for 100 days from delivery date and through the Shared Savings Program ACO Portal indefinitely

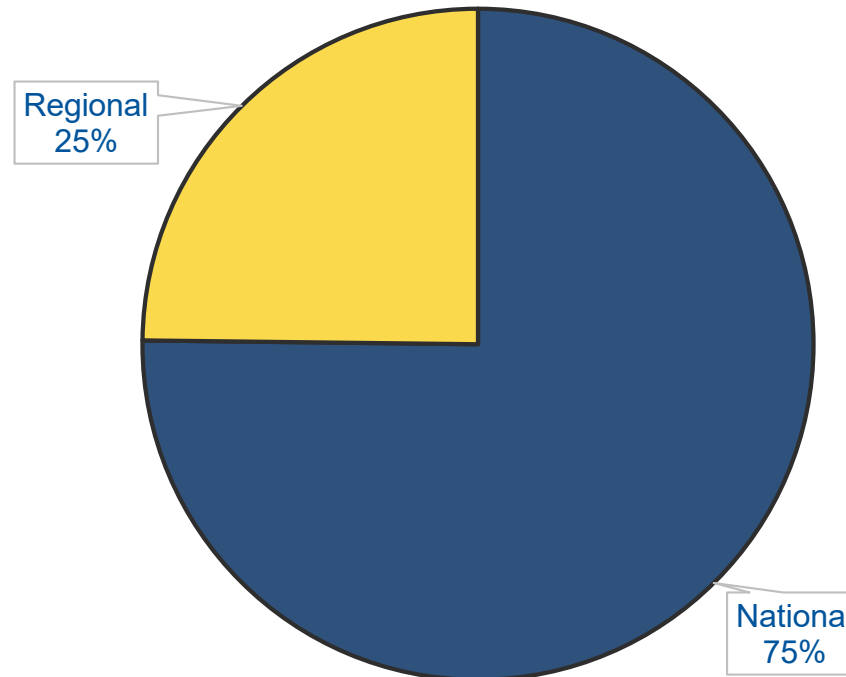
Summary of ACOs by Agreement Period



Summary of ACOs by One and Two-Sided Risk Models



Summary of ACOs by National and Regional Update Factors



Performance Year 2018 Quality Performance Results

- Overview of Quality Measurement Approach
- Quality Improvements
- Overview of Quality Performance Results



MEDICARE
SHARED SAVINGS
PROGRAM

Overview of Quality Measurement Approach

- Thirty-one quality measures serve as the basis for assessing ACO quality performance
- Performance on these measures can impact the amount of shared savings an ACO may earn and the amount of shared losses which they may owe
- The measures are separated into the following four domains:
 - Patient/Caregiver Experience
 - Care Coordination/Patient Safety
 - Preventive Health
 - At-Risk Population

Overview of Quality Performance Approach

ACO quality assessment phases in from pay-for-reporting to pay-for-performance over the course of an ACO's participation in the Shared Savings Program:

| Measures | 2016 starters and ACOs in their 2nd Agreement | 2017 starters | 2018 starters |
|--------------------------------------|---|---------------|---------------|
| Pay-for-Performance Measures in 2018 | 23 | 16 | 0 |
| Pay-for-Reporting Measures in 2018 | 8 | 15 | 31 |
| Total Measures in 2018 | 31 | 31 | 31 |

Note: For measures that are pay-for-reporting, ACOs receive full credit on the measure for complete reporting. For measures that are pay-for-performance, ACOs receive points on the measure based on how they compare against the benchmarks

Overview of Quality Performance Results

- Nearly all ACOs continue to satisfactorily report all required quality measures
- ACOs subject to pay-for-performance earned an average quality score of ninety-one percent

| Quality Performance Standard | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Met Quality Performance Standard | 109 (96%) | 214 (97%) | 322 (97%) | 388 (98%) | 428 (99%) | 468 (99%) | 546 (99.6%) |
| Did not Meet Quality Performance Standard | 5 (4%) | 6 (3%) | 11 (3%) | 9 (2%) | 4 (1%) | 4 (1%) | 2 (<1%) |
| Total Number of ACOs | 114 | 220 | 333 | 397 | 432 | 472 | 548 |

Quality Improvement Reward

- ACOs beyond their first performance year of their first agreement period may earn Quality Improvement Reward points in each domain for demonstrating significant improvement
- Ninety-three percent of ACOs participating in both 2017 and 2018 received bonus points for quality performance improvement
- Bonus points for quality performance improvement increased quality scores by an average of 5 percentage points
- Majority of ACOs earned bonus points for quality performance improvement in the Preventive Health domain

Quality scores were adjusted for ACOs affected by extreme and uncontrollable circumstances



- The Calendar Year 2019 Physician Fee Schedule Final Rule finalized policies for ACOs affected by extreme and uncontrollable circumstances (i.e., natural disasters)
- ACOs with $\geq 20\%$ of assigned beneficiaries residing in impacted counties or ACO legal entity located in such an area received the higher of their ACO reported quality score or the mean Shared Savings Program ACO quality score
- 68 ACOs met one or both criteria
 - 30 ACOs received the mean quality score of 93%
 - 38 ACOs received their actual quality score averaging 98%

PY 2018 Financial Performance Results Overview

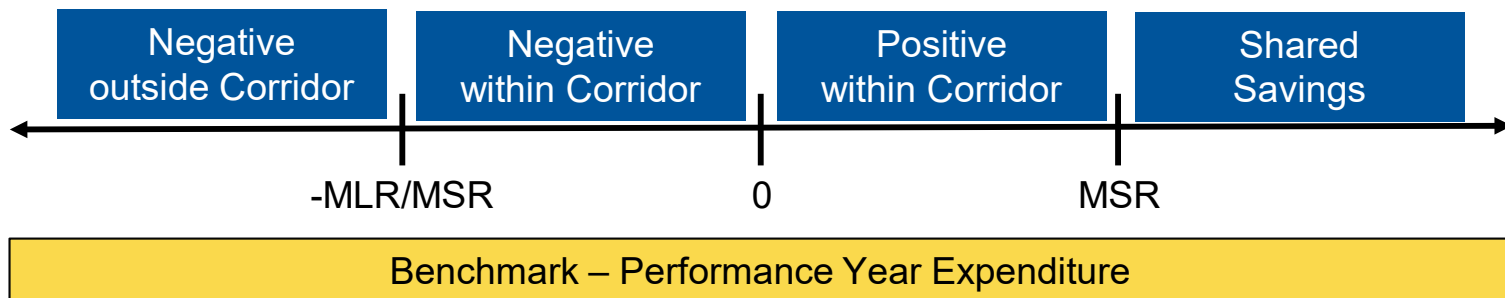
- Financial Performance Categories
- Selected Results



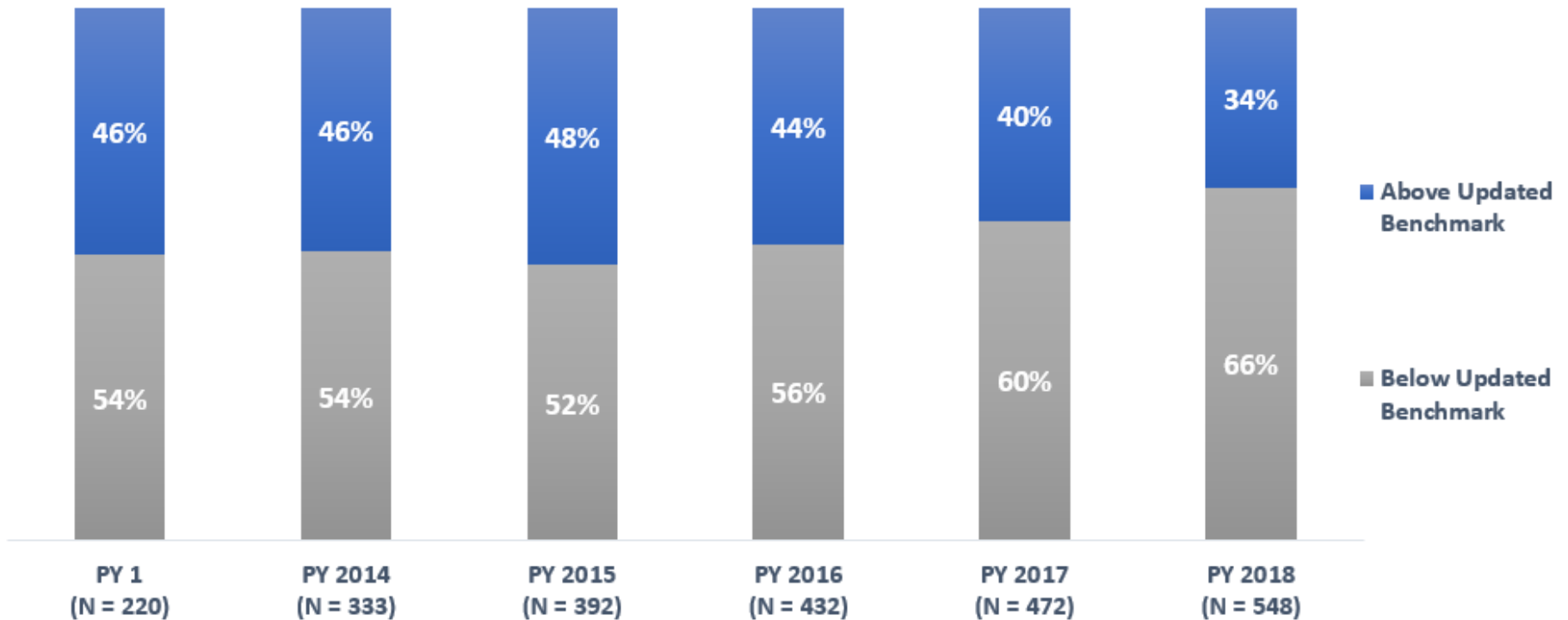
MEDICARE
SHARED SAVINGS
PROGRAM

Financial Performance Category Definitions

- Shared Savings
 - Benchmark minus PY expenditures \geq Minimum Savings Rate (MSR)
- Positive within Corridor
 - Benchmark minus PY expenditures > 0 and $< \text{MSR}$
- Negative within Corridor
 - Benchmark minus PY expenditures < 0 and $>$ negative MSR (-MSR) for Track 1 or Minimum Loss Rate (MLR) for Track 2, Track 3, and Track 1+ Model
- Negative outside Corridor
 - Benchmark minus performance year expenditures $\leq -\text{MSR}$ for Track 1 or MLR for Track 2, Track 3, and Track 1+ Model

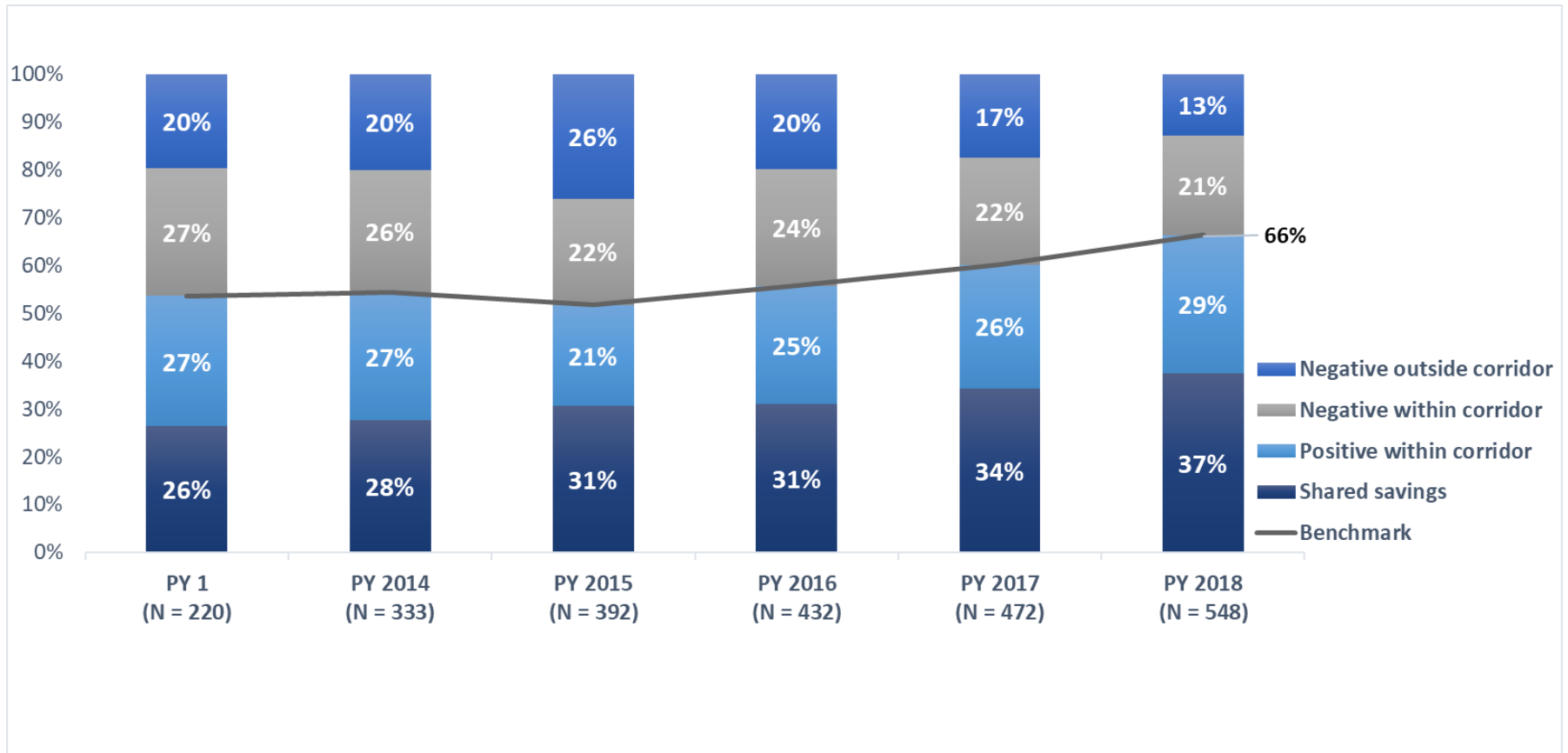


PY 2018 saw a higher share of ACOs with expenditures below updated benchmark



Source: CMS analysis of PY 1, PY 2014, PY 2015, PY 2016, PY 2017, and PY 2018 financial reconciliation data.
 Notes: PY 1 results cover the 21-month period (4/1/2012–12/31/2013) for April 2012 starters, the 18-month period (7/1/2012–12/31/2013) for July 2012 starters and CY 2013 for January 2013 starters.

PY 2018 saw a higher share of ACOs with shared savings than prior years

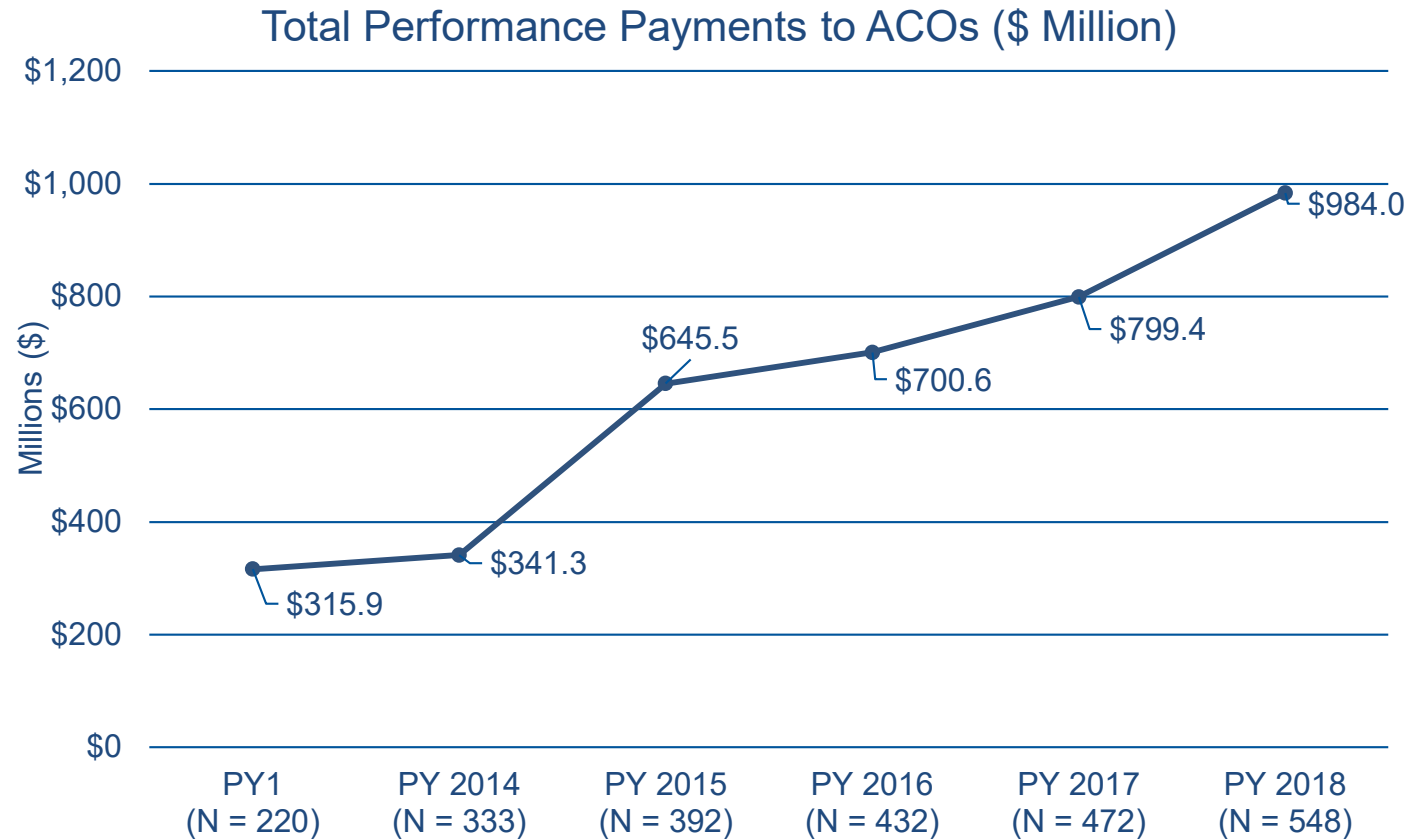


Source: CMS analysis of PY 1, PY 2014, PY 2015, PY 2016, PY 2017, and PY 2018 financial reconciliation data.
 Notes: PY 1 results cover the 21-month period (4/1/2012–12/31/2013) for April 2012 starters, the 18-month period (7/1/2012–12/31/2013) for July 2012 starters and CY 2013 for January 2013 starters.

Total earned performance payments and losses for PY 2018

- Total earned shared savings was \$984 million
- Track 2, Track 3, and Track 1+ Model ACOs negative outside corridor owed shared losses of \$17.6 million

Total earned performance payments have been increasing



Source: CMS analysis of PY 1, PY 2014, PY 2015, PY 2016, PY 2017, and PY 2018 financial reconciliation data.
 Notes: PY 1 results cover the 21-month period (4/1/2012–12/31/2013) for April 2012 starters, the 18-month period (7/1/2012–12/31/2013) for July 2012 starters and CY 2013 for January 2013 starters.

National update factors were positive

- Growth in national fee-for-service per capita expenditures for assignable beneficiaries was positive for all enrollment types
- Per capita expenditures increased between 2017 and 2018 by:
 - 5.1 percent for the End-stage renal disease (ESRD) population
 - 4.4 percent for the Disabled population
 - 4.0 percent for the Aged/dual population
 - 3.6 percent for the Aged/non-dual population

Regional expenditures were positive for the majority of ACOs

- Changes (from BY3 to the PY 2018) in regional expenditures were positive for the majority of 2017 and 2018 renewals
 - 88 percent had a positive change for the ESRD population
 - 98 percent had a positive change for the Disabled population
 - 90 percent had a positive change for the Aged/dual population
 - 99 percent had a positive change for the Aged/non-dual population

Disaster policies mitigated potential negative effects of natural disasters for affected ACOs



- In addition to impacting quality scores, the Calendar Year 2019 Physician Fee Schedule Final Rule also included a policy where shared losses for performance-based risk ACOs were adjusted for the percentage of the ACO's assigned beneficiaries residing in impacted counties and the length of the emergency declaration
- Eleven ACOs with shared losses received an adjustment reducing aggregate amount owed by over \$285,000

ACO performance increases with experience in the program

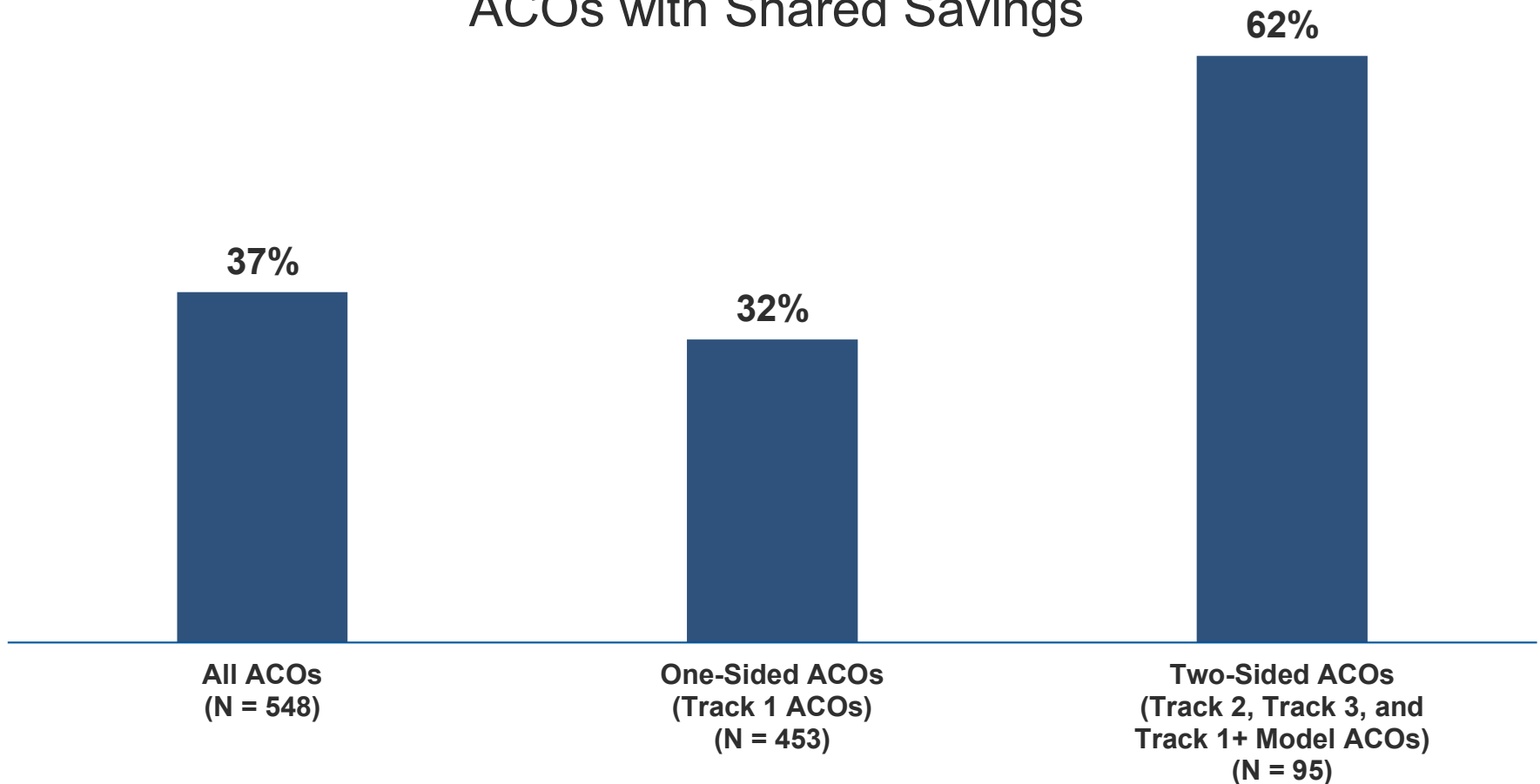
Percent of ACOs with Shared Savings by Start Date, by Performance Year

| Start Year | PY1 | PY2014 | PY2015 | PY2016 | PY 2017 | PY 2018 |
|------------|-----|--------|--------|--------|---------|---------|
| 2012 | 32% | 37% | 42% | 42% | 51% | 57% |
| 2013 | 21% | 27% | 37% | 36% | 44% | 61% |
| 2014 | N/A | 19% | 22% | 36% | 43% | 47% |
| 2015 | N/A | N/A | 21% | 26% | 28% | 23% |
| 2016 | N/A | N/A | N/A | 18% | 29% | 42% |
| 2017 | N/A | N/A | N/A | N/A | 21% | 33% |
| 2018 | N/A | N/A | N/A | N/A | N/A | 21% |

Source: CMS analysis of PY1, PY 2014, PY 2015, PY 2016, PY 2017, and PY 2018 financial reconciliation data.
 Notes: PY1 results cover the 21-month period (4/1/2012–12/31/2013) for April 2012 starters, the 18-month period (7/1/2012–12/31/2013) for July 2012 starters and CY 2013 for January 2013 starters.

A greater percentage of two-sided ACOs shared in savings than one-sided ACOs

ACOs with Shared Savings



Source: CMS analysis of PY 2018 financial reconciliation data.

There was a greater per capita decrease in expenditures in two-sided ACOs

- Two-Sided ACOs average reduction in spending: \$96/beneficiary
- One-Sided ACOs average reduction in spending: \$68/beneficiary

Source: CMS analysis of PY 2018 financial reconciliation data.

Low revenue ACOs continued to out-perform high revenue ACOs






Performance category by Medicare revenue relative to assigned beneficiary expenditures, PY 2018

| Medicare Revenue | Number of ACOs | Shared Savings | Positive within Corridor | Negative within Corridor | Negative outside Corridor |
|--|----------------|----------------|--------------------------|--------------------------|---------------------------|
| Low Revenue ACO participant total Medicare Parts A and B fee-for-service (FFS) revenue less than 35% of the total Medicare Parts A and B FFS expenditures for the ACO's assigned beneficiaries | 235 | 49% | 28% | 15% | 8% |
| High Revenue ACO participant total Medicare Parts A and B FFS revenue 35% or more of the total Medicare Parts A and B FFS expenditures for the ACO's assigned beneficiaries | 313 | 28% | 30% | 25% | 26% |





Source: CMS analysis of PY 2018 financial reconciliation data and revenue to expenditure estimates from CMS Office of the Actuary (OACT).

Note: Due to rounding, percentages may not sum to 100 percent.

ACOs with shared savings out-performed other ACOs across multiple expenditure metrics

| Expenditures | | Shared in Savings | | Negative Outside Corridor | |
|---|---|-------------------|--------|---------------------------|--------|
|  | Hospital inpatient expenditures | ↓ | 3.4% | ↑ | 9.3% |
|  | Hospital Outpatient Expenditures | ↑ | 13.48% | ↑ | 18.75% |
|  | Part B Expenditures | ↑ | 5.57% | ↑ | 10.37% |
|  | Skilled nursing facility (SNF) expenditures | ↓ | 12.3% | ↑ | 9.1% |
|  | Home health expenditures | ↓ | 6.3% | ↑ | 6.8% |

ACOs with shared savings out-performed other ACOs across multiple utilization metrics

| Discharges, Utilization, and Visits | | Shared in Savings | | Negative Outside Corridor | |
|---|-----------------------------|-------------------|-------|---------------------------|------|
|  | Total hospital discharges | ↓ | 7.6% | ↑ | 2.7% |
|  | Emergency department visits | ↓ | 4.0% | ↑ | 1.8% |
|  | SNF discharges | ↓ | 11.8% | ↑ | 6.9% |
|  | SNF utilization days | ↓ | 16.8% | ↑ | 4.0% |

Resources

- 42 C.F.R. Part 425
 - Subpart G - Shared Savings and Losses
- Shared Savings and Losses and Assignment Methodology Specifications Version 6
 - Shared Savings Program webpage
- Historical Benchmark Methodology and Reports webinars from March 2018
 - Shared Savings Program ACO Portal
- Performance Year 2018 Financial Reconciliation Settlement and Quality Performance Reports Walk Through video
 - Shared Savings Program ACO Portal
- Quality Measurement and Reporting Kickoff webinar from April 2018
 - Shared Savings Program ACO Portal

QUESTION & ANSWER SESSION



MEDICARE
SHARED SAVINGS
PROGRAM