



Medicare ACO Program Results: 2021 Edition

.....

This chartbook includes key data points on Medicare ACO programs, including details on financial results and quality performance.

For NAACOS members interested in using this chartbook in your own presentations, please email advocacy@naacos.com for a copy of the PowerPoint file

KEY TERMS

Gross Savings: The difference between ACOs' benchmark, or CMS-set financial targets, and actual spending.

Net Savings: Money returned to CMS after accounting for shared savings payments, shared loss payments, and discounts.

Highlights of the 2021 Medicare ACO Program Results

- *In 2021, Medicare Shared Savings Program (MSSP) ACOs...*
 - ✓ ...generated **\$3.618 billion in gross savings** and \$1.7 billion after accounting for shared savings payments.
 - ✓ ...generated an **average savings of \$360 per patient** compared to their benchmarks.
 - ✓ ...earned **\$1.96 billion in shared savings** payments, an average of \$7.2 million each in 2021, a new program high.
- *More key findings from the 2021 MSSP ACO results:*

5th

straight year MSSP ACOs delivered net savings to Medicare

99%

of ACOs met quality standards required to share in savings

81%

of ACOs saved Medicare money

41%

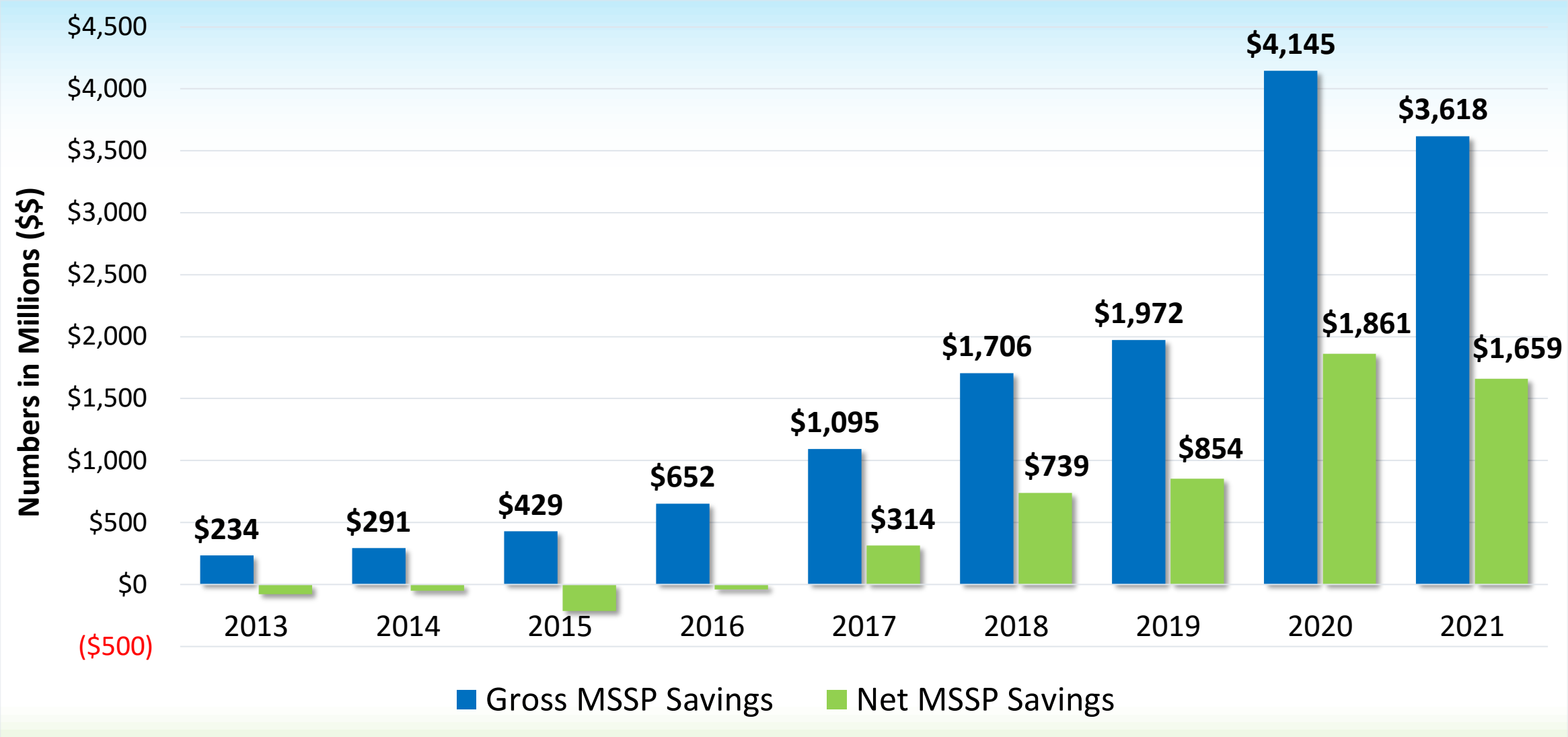
of ACOs were in two-sided risk tracks, a new program high



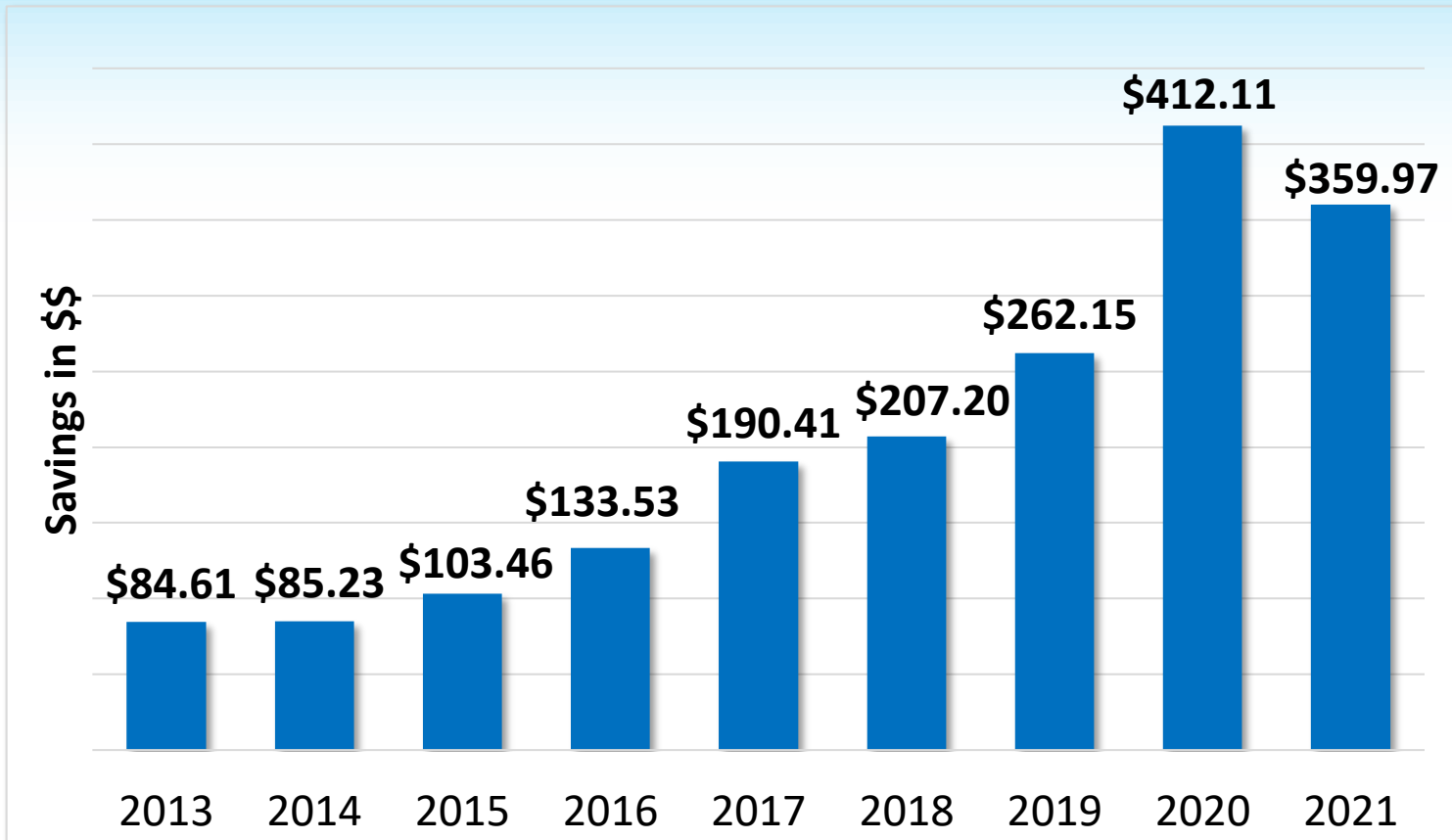
TOTAL MEDICARE ACO SAVINGS

Since 2012, ACOs have saved Medicare \$17.2 billion in gross savings and \$6.5 billion in net savings.

Total gross and net savings generated to Medicare from the Shared Savings Program, 2013-2021



Average gross savings generated to Medicare per patient per year in the Shared Savings Program, 2013-2021



Despite continued impacts from the COVID-19 pandemic in 2021, ACOs outperformed other providers across the country and in their regions.

HOW DO ACOS USE SHARED SAVINGS?

ACOs must tell CMS how they plan to use their shared savings. CMS analyzed the distributions of ACOs who generated shared savings from 2013 to 2017 and shared the top ways ACOs use savings:

- Supporting ACO physicians and hospitals (56 percent)
- Investing in ACO infrastructure (23 percent)
- Investing in care redesign (18 percent)

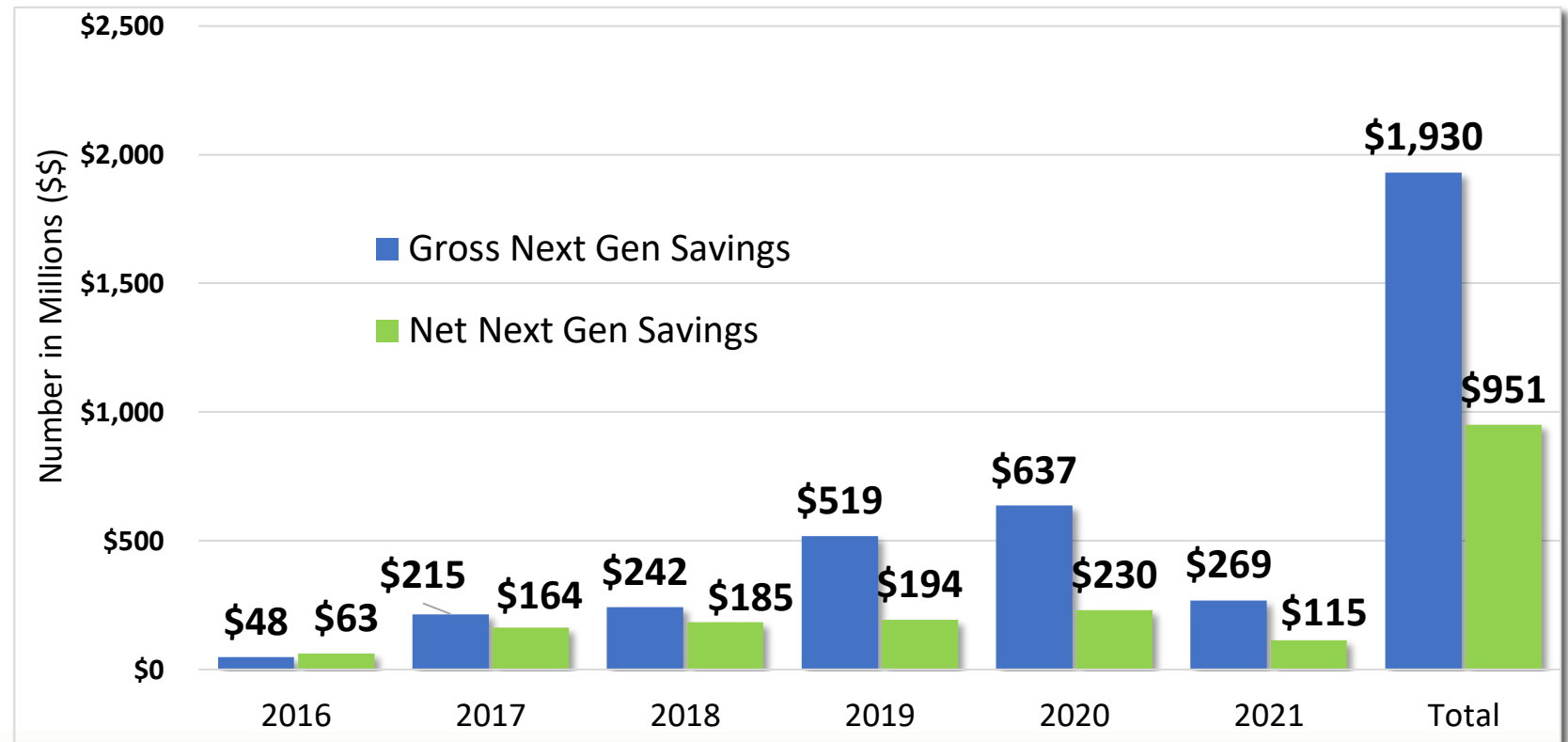
Source: CMS's May 31, 2019 ACO Spotlight [newsletter](#).

CMS Innovation Center's ACO programs bank another record-setting year: Next Generation ACO Model

The Next Gen ACO Model, an Innovation Center program in its final year in 2021, saved \$269 million compared to the CMS-generated benchmark.

- Next Gen ACOs netted \$115 million in savings to Medicare.
- Since 2016, Next Gen ACOs collectively saved more than \$1.93 billion in gross savings and \$951 million in net savings.

Total gross and net savings generated from the Next Gen ACO Model

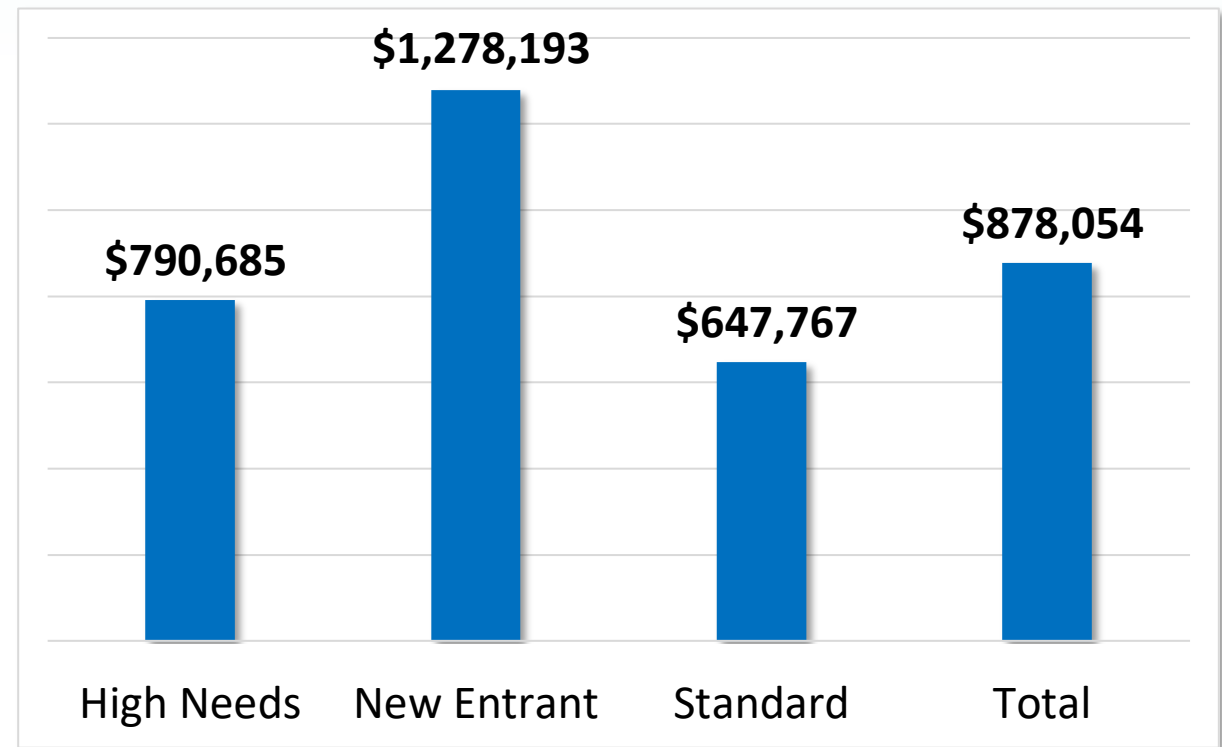


Innovation Center's ACO programs bank another record-setting year: Global and Professional Direct Contracting Model

In its first year in 2021, the Global and Professional Direct Contracting Model saved \$119 million compared to CMS-generated benchmarks and \$106 million after accounting for shared savings, shared losses, and discounts paid to CMS.

- All 53 direct contracting entities (DCEs) had perfect quality scores.
- The program created roughly 3.3 percent savings, which is in line with other Medicare ACO models.
- On average, each DCE generated nearly \$900k in net savings to Medicare.

Average net savings generated to Medicare per Direct Contracting Entity in 2021*, by type



**The Global and Professional Direct Contracting Model launched in April 2021; savings reflect operations from April-December 2021*

Quality continues to improve



Nearly all ACOs – 99 percent – met quality standards required to share in savings for the 2021 performance year.

ACOs had higher average performance on quality measures compared to clinicians not in ACOs, including better performance on:

- ✓ Diabetes and blood pressure control,
- ✓ Breast and colon cancer screenings,
- ✓ Flu vaccinations, and tobacco screenings,
- ✓ Statin therapy for the treatment and prevention of cardiovascular disease, and other measures.



34 ACOs recorded a perfect score of 100!

“ACOs also had better performance on depression screening and depression remission rates, underscoring how this type of coordinated, whole-person care can improve treatment of behavioral health conditions in ACOs.” – CMS press release, August 2022

ACOs get better with time

As we've seen in years past, more experienced ACOs generate more savings to Medicare. This table shows ACOs that have been participating in the program longer are more likely to earn shared savings.

Percent of ACOs that earned shared savings by their start year

Start Year	# ACOs in 2021	PY 2013	PY 2014	PY 2015	PY 2016	PY 2017	PY 2018	PY 2019	PY 2020	PY 2021
2012	27	28%	35%	42%	42%	49%	57%	78%	85%	71%
2013	20	19%	25%	37%	36%	42%	61%	84%	72%	67%
2014	37	N/A	18%	21%	36%	43%	47%	61%	83%	77%
2015	24	N/A	N/A	21%	26%	28%	23%	35%	58%	47%
2016	24	N/A	N/A	N/A	18%	28%	42%	57%	66%	56%
2017	33	N/A	N/A	N/A	N/A	21%	33%	56%	83%	60%
2018	50	N/A	N/A	N/A	N/A	N/A	21%	36%	52%	51%
2019	30	N/A	N/A	N/A	N/A	N/A	N/A	41%	63%	50%
2020	29	N/A	N/A	N/A	N/A	N/A	N/A	N/A	68%	57%
2021*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*There were no ACOs that entered the program in 2021 because CMS didn't offer an application cycle due to the pandemic.

This illustrates the long-term commitment required by ACOs and that success doesn't happen overnight but takes years of hard work.

Earned shared savings in 2021:

- ↑ 75 percent of ACOs in 2012-14 cohorts
- ↓ 52 percent of ACOs in 2018-20 cohorts

Generated savings to Medicare in 2021:

- ↑ 88 percent of ACOs in 2012-14 cohorts
- ↓ 76 percent of ACOs in 2018-20 cohorts

ACOs returned to the Medicare Trust Fund in 2021 an average of:

- ↑ \$4.35 million each for 2012-14 cohorts
- ↓ \$3.08 million each for 2018-20 cohorts

ACOs are saving money for Medicare regardless of various ACO distinctions

ACOs' focus on whole-person care, managing cost and quality for the full year, and developing population health infrastructure drives continued success.

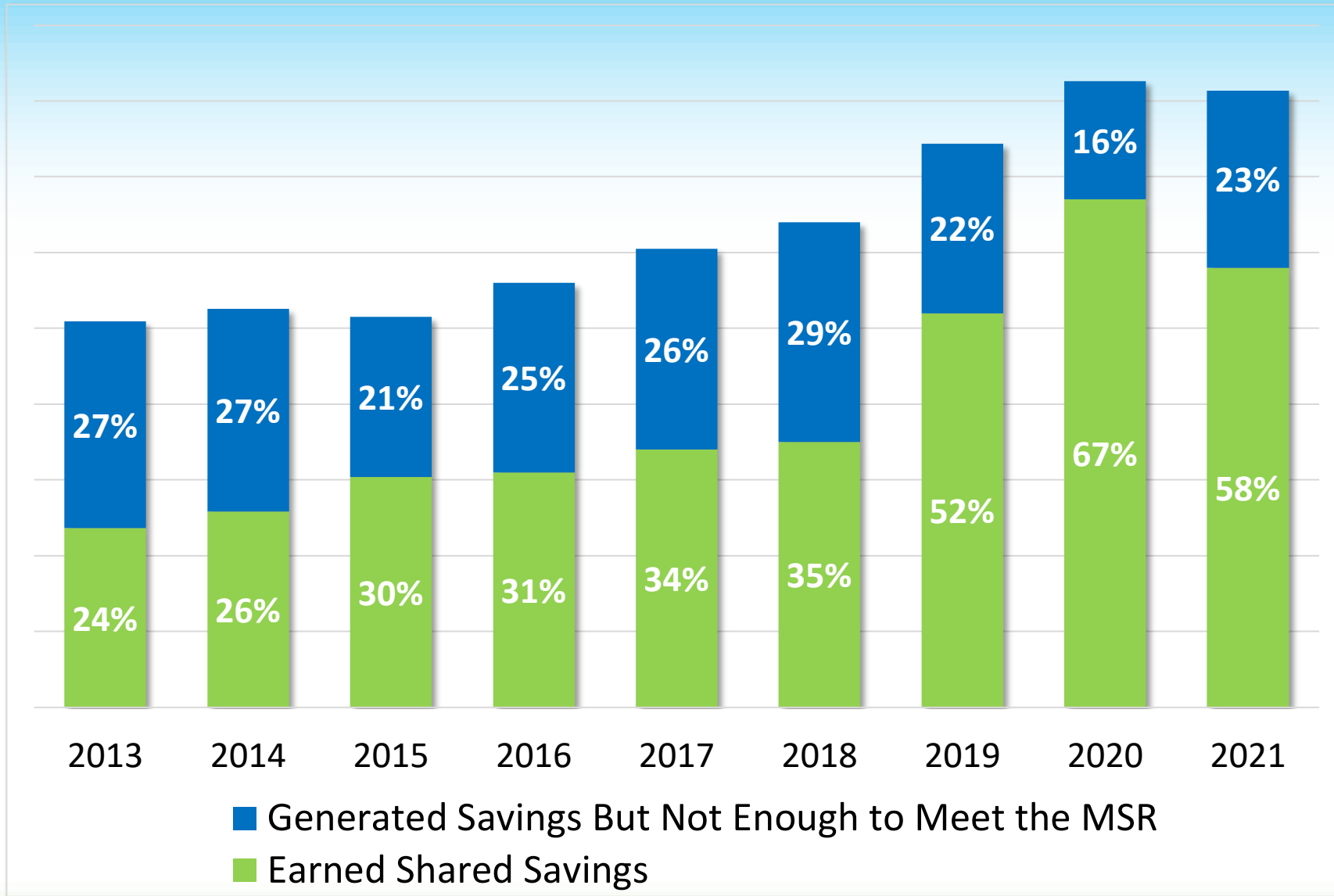
Despite the ability to cut the performance data by many different ACO categorizations our analysis of the data shows:

- ACOs in both shared savings-only and two-sided risk tracks create hundreds of dollars per person in gross and net savings.
- ACOs categorized by CMS as “high revenue” and “low revenue” create hundreds of dollars per person in gross and net savings.

Gross total savings and per patient savings by ACO risk arrangement, 2019-2021

	2019		2020		2021	
	Two-Sided	One-Sided	Two-Sided	One-Sided	Two-Sided	One-Sided
Number of ACOs	150	391	190	323	195	280
Number of Patients	3,309,878	7,690,047	4,237,531	6,377,058	4,436,354	5,687,971
Gross Savings	\$1.2 billion	\$1.4 billion	\$2.7 billion	\$1.9 billion	\$2.1 billion	\$1.5 billion
Gross Savings Per Patient	\$375.01	\$182.67	\$534.79	\$294.61	\$473.20	\$267.06

Percent of ACOs that generated savings and earned shared savings



- 81 percent of ACOs saved Medicare money in 2021, roughly the same as 2020's program high.
- 58 percent saved enough to earn shared savings.

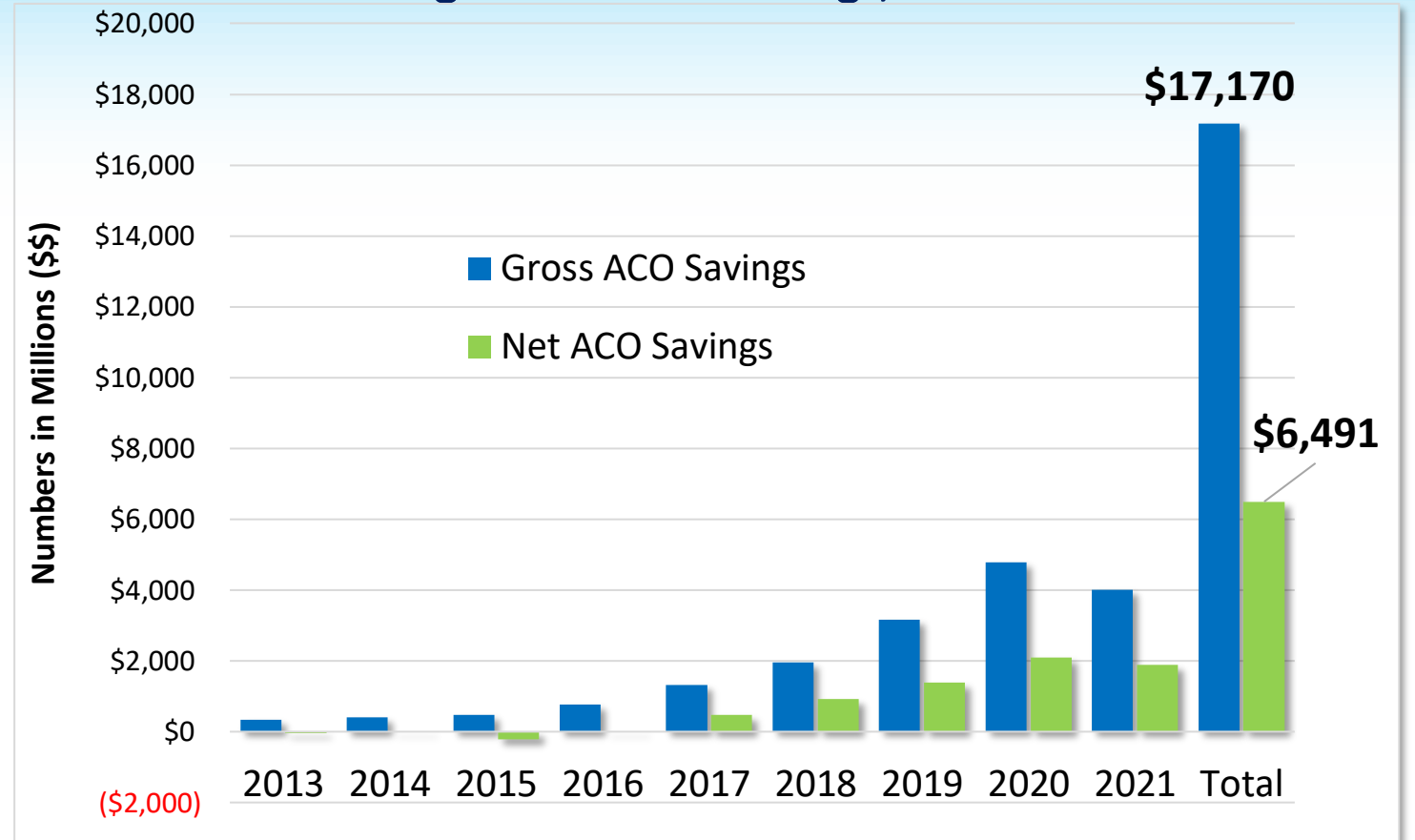
To achieve shared savings an ACO has to keep spending below its benchmark by a certain threshold. That threshold is known as the minimum savings rate (MSR).

Total Medicare ACO savings

While the MSSP is the largest and only permanent Medicare ACO program, other ACO programs have also generated savings for Medicare over the past decade.

- When including savings through 2021 from all of Medicare's ACO programs, ACOs have saved Medicare \$17.2 billion in gross savings and \$6.5 in net savings.
- Data show these ACOs continued to provide high-quality care and yield satisfied patients.

Total Medicare ACO gross and net savings, 2013-2021

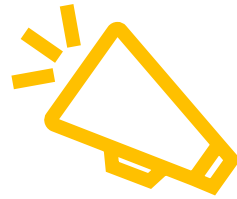
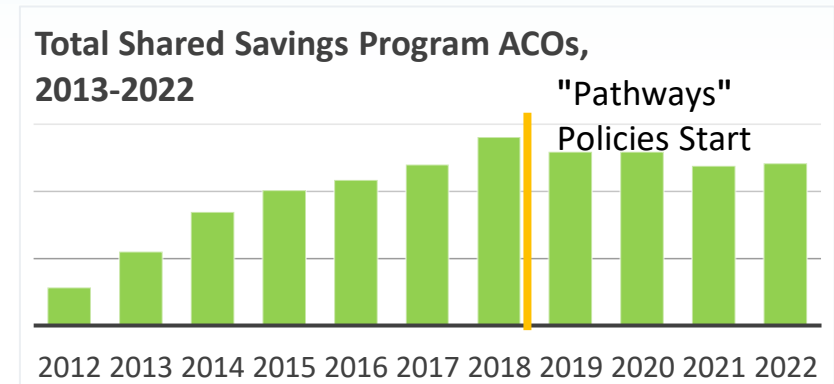


Totals include 2021 savings from MSSP, [Next Gen ACOs](#), and [Global and Professional Direct Contracting](#) model participants.

Conclusion

ACOs continue to deliver high quality care for patients while generating sustained savings to Medicare. This success continued in the face of a pandemic. There is a growing body of evidence that making providers accountable for patients' total cost of care provides necessary incentives to reduce spending and improve outcomes.

Despite this evidence, the number of ACOs has plateaued in recent years. [NAACOS was supportive](#) of changes included in the 2023 Medicare Physician Fee Schedule and believes that will help rekindle ACO participation.



Policymakers should look for opportunities to grow ACO participation so that benefits of the program can spread to more patients, while helping solve Medicare's looming insolvency issues. NAACOS [advocates for policies](#) that support broad participation in ACO programs and ensure long-term success in value-based care initiatives. Learn more about [NAACOS' advocacy](#) efforts.