Accountable Care Organizations: (c) Medicare Pioneer ACOs

Health Care: Health Care System Efficiency

Literature review updated November 2015.

As part of WSIPP's research approach to identifying evidence-based programs and policies, WSIPP determines "what works" (and what does not work) to improve outcomes using an approach called meta-analysis. For detail on our methods, see our Technical Documentation. At this time, WSIPP has not yet calculated benefits and costs for this topic.

Program Description: Evaluations of health care policies and programs often measure two broad types of outcomes: (1) those that reflect the health status of people (e.g., disease incidence) and (2) those that reflect health care system costs and utilization. Cost and utilization measures may or may not be an indication of health status or well-being.

An Accountable Care Organization (ACO) is a provider group that is responsible for the cost and quality of medical care for a patient population. ACO contracts provide financial incentives for providers to reduce costs and improve the quality of care. In contracts with "upside and downside" financial risk, providers are able to share in savings relative to a spending target but they are required to absorb some of the costs if spending exceeds the target. In contracts with "upside" risk only, providers are not responsible for costs above target. The Centers for Medicare and Medicaid Services have established both types of ACO contracts.

The Medicare Pioneer ACO program was implemented for providers willing to assume both upside and downside financial risk. Pioneer ACOs can receive up to 60% of estimated savings relative to a spending benchmark, contingent upon performance on quality measures.

Thirty-two organizations entered the Pioneer ACO program in 2012, though 13 subsequently withdrew from the program. Studies have examined performance over the first two contract years. The cost reductions presented below do not represent actual savings to Medicare. The estimates do not reflect cost-sharing payments made to providers.

Meta-Analysis of Program Effects

Outcomes measured	No. of effect sizes	Treatment N	Adjusted effect size and standard error			Unadjusted effect size (random effects model)	
			ES	SE	Age	ES	p-value
Health care costs*	3	1683614	-0.021	0.010	71	-0.021	0.030
Hospital costs (inpatient)*	3	1683614	-0.025	0.009	71	-0.025	0.004
Hospital costs (outpatient)*	3	1683614	-0.027	0.016	71	-0.027	0.092
Skilled nursing facility costs*	3	1683614	-0.019	0.004	71	-0.019	0.001

*The effect size for this outcome indicates percentage change, not a standardized mean difference effect size.

Meta-analysis is a statistical method to combine the results from separate studies on a program, policy, or topic in order to estimate its effect on an outcome. WSIPP systematically evaluates all credible evaluations we can locate on each topic. The outcomes measured are the types of program impacts that were measured in the research literature (for example, crime or educational attainment). Treatment N represents the total number of individuals or units in the treatment group across the included studies.

An effect size (ES) is a standard metric that summarizes the degree to which a program or policy affects a measured outcome. If the effect size is positive, the outcome increases. If the effect size is negative, the outcome decreases.

Adjusted effect sizes are used to calculate the benefits from our benefit cost model. WSIPP may adjust effect sizes based on methodological characteristics of the study. For example, we may adjust effect sizes when a study has a weak research design or when the program developer is involved in the research. The magnitude of these adjustments varies depending on the topic area.

WSIPP may also adjust the second ES measurement. Research shows the magnitude of some effect sizes decrease over time. For those effect sizes, we estimate outcome-based adjustments which we apply between the first time ES is estimated and the second time ES is estimated. We also report the unadjusted effect size to show the effect sizes before any adjustments have been made. More details about these adjustments can be found in our Technical Documentation.

Citations Used in the Meta-Analysis

McWilliams, J.M., Chernew, M.E., Landon, B.E., & Schwartz, A.L. (2015). Performance differences in year 1 of pioneer accountable care organizations. *The New England Journal of Medicine, 372*(20), 1927-36.

Nyweide, D.J., Lee, W., Cuerdon, T.T., Pham, H.H., Cox, M., Rajkumar, R., & Conway, P.H. (2015). Association of Pioneer Accountable Care Organizations vs traditional Medicare fee for service with spending, utilization, and patient experience. *Jama, 313*(21), 2152-61.

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