

## **Accountable Care Organizations (ACOs)**

**ISSUE:** The Commission wants to encourage coordination of care across payment silos and reward longitudinal efficiency over time. One obstacle to longitudinal efficiency is the current incentive under FFS payment systems to increase the volume of services provided. Accountable care organizations (ACOs) could be a counterbalancing force that would restrain volume growth while enhancing quality.

**KEY POINTS:** Accountable care organizations could be held responsible for resource use and patient outcomes over the course of a year. This accountability would create an incentive to increase care coordination and reduce unnecessary admissions. However, there are difficult implementation issues that would need to be addressed such as whether ACOs should be voluntary or mandatory.

**ACTION:** Commissioners should discuss the concepts of voluntary and mandatory ACOs and if they wish staff to develop the ACO concept further.

**STAFF CONTACT:** David Glass (202 220-3743), Jeff Stensland (202 220-3726)