

Long-term issues confronting Medicare Accountable Care Organizations (ACOs)

ISSUE: This paper briefly reviews Medicare ACO programs and issues that may challenge the continuation of ACOs that assume responsibility for both savings and losses. It also serves as an outline for a possible June report chapter on ACOs.

KEY POINTS: We review the current ACO programs (Medicare Shared Savings Program, Next Generation ACO Model, End-Stage Renal Disease (ESRD) Seamless Care Organizations) and the two new ACO programs (Track 1+ ACO Model, Vermont All-Payer Model) that began in 2018. We then consider issues confronting two-sided ACOs, including: potential conflicting incentives between ACOs and hospitals; asymmetric risk-sharing; the five percent incentive bonus for clinicians; specialist involvement in ACOs; and the potential for two-sided ACOs to continue to be an entity separate from Medicare Advantage.

ACTION: Commissioners should review the material in preparation for a discussion at the April 2018 meeting.