EXECUTIVE SUMMARY

In Accountable Care Organizations (ACOs), physicians, hospitals and other health care providers work together to improve the quality and coordination of health care services for a population of patients. In ACOs, payments to health care providers are tied to the quality and value of care they provide—not to volume. ACOs are working to improve the quality of care patients receive by coordinating how care is delivered, increasing meaningful use of health information technology (HIT) and directly engaging patients and their families as partners in decision-making. While ACOs in the Medicare, Medicaid and commercial insurance markets are showing promising progress, much work remains to be done to ensure that ACO beneficiaries receive the right care in the right place at the right time—care that is genuinely more patient- and family-centered.
WHAT IS AN ACO?

While there is no set definition, ACOs are most commonly described as groups of physicians, hospitals and other health care providers that join together as one entity to take responsibility for improving the quality of care for their patients. Better coordination of care results in better health outcomes and care experiences for patients and healthier individuals, as well as more efficient and effective use of health care resources. This in turn lowers costs for the entire health care system over time.

ACOs come in all shapes and sizes. Some ACOs are formed by small provider groups, while others are large, integrated delivery systems, such as Partners Healthcare in Boston, Massachusetts. Regardless of their size, ACOs are meant to ensure that high-quality, coordinated care is provided across the health care delivery system—from primary care, to hospital stays, to post-hospital rehabilitation. In ideal settings, ACOs’ care coordination efforts are inclusive of behavioral health and also extend to additional aspects of care, such as community resources and social support services.

Doctors and other providers within the ACO work together to coordinate care through the use of HIT, care coordination staff, enhanced communication among a patient’s various providers and with patients themselves, as well as other initiatives. Improved coordination between a patient’s primary care doctor and other specialty care providers helps to ensure that patients get the right care, in the right place, at the right time. In an ACO, payments for health care services are tied to value and quality, not volume. Outcome-focused payments help drive ACOs to meet quality improvement goals and hold ACOs accountable for delivering high-quality care.

One of the key differentiators of ACOs from other care delivery models, such as the health maintenance organizations (HMOs) of the 1990s, is the focus on delivering patient- and family-centered, high-quality care. But what does it mean to deliver patient- and family-centered care? Ideally, ACOs invest in patient- and family-engagement initiatives that foster partnership with patients at all levels of care delivery and care design. This partnership is ultimately reflected in shared care planning, decision-making, and management. It is also reflected in involvement of patients and families in quality and practice improvement initiatives. ACOs are held accountable both for health outcomes and patients’ experience of care within the ACO.

WHAT DOES BEING IN AN ACO MEAN FOR CONSUMERS?

ACOs have the potential to transform how care is delivered and paid for so that patients receive higher quality, patient-centered, timely, and well-coordinated care. But what does that really mean for consumers?

Patients in an ACO receive their care from hospitals and physicians that are rewarded for keeping their

ACOs are health care entities—made up of clinicians, practice groups, and/or hospitals—that agree to be responsible for the cost and quality outcomes of a patient population. They oversee the coordination of care across health care services and settings. The goal of ACOs is to achieve the triple aim of: (1) improving the population’s health, (2) improving the patient and family care experience, and (3) reducing the costs of care.
patients healthy by delivering the right care, in the right place, at the right time. Rather than being rewarded for the quantity of services or number of tests and procedures provided, ACO providers are rewarded for providing the most appropriate and highest value care. Accountable care also facilitates better health outcomes and care experience for consumers by improving care coordination across ACO providers and facilities, maximizing the use of HIT, and building partnerships with patients and families that enable them to be meaningfully engaged in their care.

**Improved Care Coordination**

One problem with health care today is that many patients receive their health care in silos—meaning, doctors don’t coordinate or communicate with each other when providing care and, often, it is the patient or a family caregiver who is charged with bringing all the pieces together. Patients and family caregivers are the ones responsible for scheduling appointments, retrieving and sharing test results, trying to get their clinicians to talk to each other, and sorting through information and recommendations to decide next steps. Keeping everything straight and adhering to care plans can be particularly difficult for patients with multiple chronic conditions, patients with complex acute conditions or advanced illness, and patients who are frail and/or elderly.

ACOs are intended to help fix the fragmented nature of the current health care system by improving coordination and communication among health care providers and between providers and patients. An ACO brings together the many components of the health care delivery system—primary care, specialists, hospitals, home health, etc.—and ensures that all parts work together to coordinate care on behalf of the patient. Patient and family caregivers are engaged partners in the care process.

**Maximized Use of HIT**

An ACO’s care coordination strategy largely relies on the real-time, electronic exchange of information across care providers and between providers and patients. To streamline this communication, ACOs use HIT tools to track patients’ medical information such as an electronic health record (EHR). EHRs help make patients’ health information accessible to ACO physicians and to patients, and enable providers to manage care better across health care settings. By sharing patient data through a common EHR, ACOs are able to reduce unnecessary or duplicative tests and procedures. Additionally, by having a patient’s health data in one place, ACO providers are better prepared
to present their patients with the best treatment options and to work with their patients to develop the best care plan.

Many ACOs also implement a specific patient-facing HIT tool—called a patient portal—that allows patients and their caregivers to access their medical information recorded in the ACO’s EHR. By logging into a secure patient portal, patients can check on test results, access patient-specific educational materials, email their doctors, and update family medical history and other pertinent information. The use of HIT tools, like EHRs and patient portals, helps to facilitate better communication/understanding between patients and physicians and can help empower patients to better manage their own health care planning and treatment.

Health information technology allows an ACO to operate at maximum capacity and to deliver on core elements of accountable care, such as care coordination and quality improvement. While the use of HIT is considered to be crucial for success, implementation of these tools currently varies across ACOs. For larger hospital- or health system-led ACOs, advanced use of HIT tools is fairly common. For smaller, physician-led ACOs, however, meaningful utilization of EHRs and other HIT tools has been slower. That said, more and more ACOs are beginning to utilize HIT tools to help improve coordinated care delivery.

Patient and Family Engagement

ACOs are intended to provide more patient- and family-centered care that includes patients and family caregivers as active members of the care team. Increasing evidence suggests that patient engagement can lead to better health outcomes, improved quality and patient safety, and can help control health care costs. Truly delivering patient- and family-centered care requires engaging patients and family caregivers as partners at all levels of care—at the point-of-care, in care delivery redesign, and in governance.

With respect to decision-making at the point-of-care, meaningful patient and family engagement ideally takes the form of collaboration and partnership between providers and patients and, as appropriate, family advisors/caregivers. These partners all work together to develop a care plan that is responsive to and aligned with the patient’s goals, preferences and values. Within an ACO, the patient’s ability to engage in their own care planning, decision-making, and monitoring is supported through the use of HIT tools, such as patient portals, health and lifestyle tracking mobile apps, and chronic disease management programs, as well as by special care coordination staff. Patient engagement at the point of care not only improves outcomes and lowers costs, but also enhances the patient care experience.

Though many patient-engagement initiatives are designed to encourage patients to become more aware of or involved in their treatment plans, patient engagement is not to be confused with “patient steering.” With real engagement, the patient and family caregivers are essential partners who work together with other members of the care team. Patient and family partners have critical knowledge and experience that shape the care process beginning with establishing shared goals, and including shared decisions about treatment. Meaningful patient engagement does not rely on financial incentives to influence patient behavior or decision-making.

In ACOs, patient and family engagement also should extend beyond individual care to include participation in redesign of care practices and ACO governance. Ideally, ACOs seek input from patients and families in determining how to redesign care delivery and to ensure effective patient participation in ACO governance and policy development. Some types of Medicare ACOs are required to include at least one Medicare beneficiary served by the ACO on their governing body or to provide other meaningful opportunities for beneficiaries to participate in the ACO’s governance. Additionally, to ensure that ACOs truly deliver on their promise of better patient care, consumers also must have a strong, valued voice in federal and state policymaking.

Care models like ACOs encourage a growing emphasis on authentic patient engagement and are enhancing the roles of patients and families in health care, The Impact of Accountable Care | How Accountable Care Impacts the Way Consumers Receive Care
enabling them to become more active, informed and influential. Much like the utilization of HIT, degrees of patient and family engagement vary across ACOs. While this paper describes the ideal, many ACOs are still in the beginning phases of establishing these initiatives and much work remains to be done to realize these goals.

**ARE THERE DIFFERENT TYPES OF ACOS?**

ACOs are currently being utilized in the Medicare, Medicaid and commercial insurance markets. Rules and regulations for ACOs differ across these three markets. As a result, a patient’s experience in an ACO may differ depending on the type of ACO in which he or she participates.

**Medicare ACOs**

Several ACO initiatives are offered in the Medicare program, including the Pioneer ACO Model, which began in January 2012, and the Medicare Shared Savings Program (MSSP), which began in April 2012. Another Medicare ACO initiative, the Next Generation ACO Model, is set to begin in January 2016. The Next Generation model is similar to the existing Pioneer and MSSP ACO models, but is designed for organizations with significant experience with accountable care coordination.

Doctors, hospitals, medical suppliers and other providers participating in Medicare ACOs are eligible to receive a portion of the savings they achieve for Medicare by meeting established quality metrics and better coordinating care. In Medicare ACOs, payment for services and the ability to share in savings depends in part on how well providers perform on quality measures that reflect, amongst other categories, care coordination, patient safety, preventive health and patient/care experience.

Pioneer, MSSP and Next Generation Medicare ACOs require that ACO governing bodies include at least one Medicare beneficiary. This is intended as a step toward ensuring that ACO operations and management are reflective of beneficiary needs and concerns.

Medicare beneficiaries are assigned to an ACO if the beneficiary’s main primary care physician is part of an ACO. Beneficiaries can also be assigned to an ACO if they are seeing a specialist who provides most of their primary care. Beneficiaries whose doctors are participating in an ACO must be notified of the doctor’s involvement, often in the form of a letter. For beneficiaries assigned to an ACO, Medicare shares their medical information with the ACO to help providers within the ACO better track and coordinate care. (Beneficiaries are able to opt out of having their data shared by calling Medicare or signing a form made available by their doctor.) One defining feature of the Next Generation ACO Model is the opportunity for Medicare beneficiaries to voluntarily align with an ACO. Beneficiaries can confirm or deny their care relationship with an ACO provider, giving the patient the opportunity to proactively opt in to their provider’s ACO.

Being assigned to a Medicare ACO does not currently affect the amount of money beneficiaries pay in premiums or copays or their ability to seek care from the provider or facility of their choice. Medicare ACO beneficiaries are able to continue to seek services from providers and facilities both within and outside of the ACO.

**Medicaid ACOs**

Since Medicaid ACO approaches are designed by states, how they are structured varies on a state-by-state basis. Some Medicaid ACOs are structured similarly to the Medicare ACO programs, with participating providers sharing in savings achieved by meeting quality metrics and better coordinating care. Other Medicaid ACOs are structured more like traditional Medicaid managed care, or as part of a

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**Examples of states with current Medicaid ACO models include Colorado, Utah, Oregon, New Jersey, Arkansas, Maine, Iowa, Minnesota, Vermont and Illinois.**

Massachusetts, Missouri, Alabama, and Ohio have also announced emerging models, ACO-like programs, or pilot programs.
traditional managed care program, where health care plans manage an enrollee's care. In either case, providers and/or insurers are held accountable for improved care delivery through shared savings arrangements, capitated payments, fees paid for care coordination, or bonuses and payment withholds that are based on quality measure performance.

For example, while Colorado's Accountable Care Collaborative (ACC) is based on a fee-for-service (FFS) payment structure, providers receive additional reimbursement for coordinating patient services. Utah's Medicaid ACO program is run by Medicaid managed care plans that receive payments from the state to manage enrollees' care.

If the ACO program is structured similarly to traditional managed care, then beneficiaries can be required to participate in an ACO program or be assigned to an ACO because they are part of a population type (e.g., children, adults, etc.), live within a geographic region, or have a certain health care status (such as diabetes, asthma, or HIV/AIDS). Within these types of ACO programs, Medicaid beneficiaries must be able to choose from at least two ACOs for their care delivery. Beneficiaries who have not selected a Medicaid ACO by a certain deadline are automatically assigned to one.27 In some cases, Medicaid beneficiaries may be exempt from participating in an ACO, depending on their health status and if the benefit package being offered by the ACO differs from what the state offers other Medicaid enrollees.28

Because Medicaid ACOs are still largely subject to Medicaid rules and regulations, being in a Medicaid ACO is not likely to have a significant impact on what enrollees pay, their benefits, or their access to care. Federal regulation limits the amount of money that Medicaid beneficiaries pay in copayments and premiums and, unless a state has obtained a waiver, these regulations apply to Medicaid ACOs as well.29 The same is true for Medicaid benefits. Unless waived, ACOs must provide all of the federally required Medicaid benefits. (Many Medicaid ACOs provide more non-traditional services than are required in order to improve care coordination and quality.) Medicaid ACOs must also comply with federal and state adequacy standards for number of available providers. These include ensuring that all federal and state required services and benefits are provided through a provider network sufficient in number, type, and geographic distribution.10

**Commercial ACOs**

Commercial ACO contracts are the most diverse of the three types of ACOs. Individuals with private health insurance typically become enrolled in a commercial ACO when their health insurance plan partners with a provider to form an ACO. Alternatively, privately insured individuals may have the option to choose providers that are part of an ACO from an approved provider list.

Because the goal of ACOs is to lower costs while improving the quality and experience of care, enrollees in private health plans may experience a slight decrease in the amount of money they pay in premiums and out-of-pocket costs, such as copays, coinsurance, and deductibles in the long run. However, it is unlikely that there will be any immediate decrease in what an individual pays when enrolled in an ACO. Some ACO enrollees may actually experience a slight increase in cost depending on the types of care coordination programs the ACO is implementing, such as preventive health screenings and enhanced disease management programs for acute and chronic conditions.

Enrollees in commercial ACOs may also experience a change in their provider network. Some commercial plans use narrow provider networks in their ACO products, which may restrict enrollees' access to providers outside of the ACO network. Although the benefits and challenges associated with narrow networks is an issue of debate beyond the scope of this brief, it is important to note that while enrollees may experience a decrease in the number of providers they are able to access, the goal of the accountable care model is to improve the enrollees' quality and experience of care, which includes ensuring that enrollees have access to high quality providers. If done correctly, this promotes accessing the right care at the right time and the right place.
HOW CAN ACOs HELP CONSUMERS EXPERIENCE BETTER CARE AND HEALTHIER OUTCOMES?

By aligning payment with quality and value instead of volume, ACOs can help improve patient experience of care and the quality of care received. As indicated in the “types of ACOs” section above, the timeliness, coordination and quality of care patients receive should improve in an ACO.

Improving How Patients Receive Care

For patients, the real change to their care experience will come from how care is coordinated on the front end and how far along the ACO is in developing innovative care integration and patient- and family- engagement strategies. For example, when patients are treated by an integrated group of physicians and facilities all working together as a team, enhanced coordination and communication should reduce some of the burden that patients and family caregivers currently face. Also, as described above, ACOs should encourage increased patient and family engagement and ensure that patients are active partners in the care planning process. This collaborative approach to care delivery should improve the way patients receive care over time.

Ensuring That Patients Receive the Right Care in the Right Place at the Right Time

Since ACOs are responsible for the quality and cost of care for a set population, they look for cost-effective ways to manage population health and ensure high-quality outcomes. Chronic diseases—such as heart disease, stroke, cancer, diabetes, obesity and arthritis—are among the most common, costly and preventable of all health problems. Consequently, many ACO doctors seek to help their patients avoid developing diseases or conditions in addition to attending to their patients’ acute/immediate needs. As a result, patients in ACOs may experience increased focus on preventive care early and often. Additionally, by holding providers accountable for the safety, quality and appropriateness of the care they provide, ACOs are designed to help patients avoid unnecessary or duplicative tests and procedures.

Raising Consumer Awareness about ACOs

According to recent research, while most patients who are in ACOs do not actually know it, they do value having a more integrated health care experience. For example, in a recent study by Harvard Medical School, researchers analyzed whether Medicare beneficiaries would continue their care within, or seek care outside of their assigned ACO if it was known that they were in an ACO. Approximately 80 percent of beneficiaries would have chosen to remain with doctors inside their ACO.

However, in order for patients to truly benefit from being in an ACO, they should know that they are in an ACO, they should understand how the health care services they receive will differ as a result of their participation and how they may benefit from being in an ACO, and they and their family caregivers should receive the support needed to become full partners with their health care team. Moreover, enhanced consumer awareness will not only enable patients to engage more effectively in their own care, but will also promote more effective participation in redesign of care processes and in ACO governance and policy making.

ACOs are implementing various strategies to inform patients about accountable care. For example, Indiana-based Franciscan Alliance hosts town hall meetings at several locations and times throughout the state, inviting area residents to learn more about the ACO and what it means for them. Taking another approach, OSF HealthCare in Illinois has partnered with a marketing group to create ‘Ted,’ a five-minute animated video to teach patients about ACOs.

CONCLUSION

ACOs are designed to improve the quality, value and experience of care for patients by changing the way health care is delivered and paid for. If done right, ACOs provide opportunities to move away from inefficient, fragmented or “siloed” health care systems and toward coordinated care that brings together primary care, specialists, hospitals, home health and more—and ensures that all parts work together to coordinate care.
on behalf of the patient. Achieving this will require ACOs to work continually to improve the quality of care, to enhance patient and family experience of care, and to identify areas to improve value, such as by reducing unneeded or inappropriate procedures.

While ACOs show much promise, there is still much that needs to be done. Specifically, ACOs should continue to focus on making providers’ quality and cost information available to consumers in a consumer-friendly manner. Improved consumer access to quality and price information will help patients and families make informed decisions with respect to choosing their doctors and determining their treatment plans. ACOs also should provide consumers with tools to access and manage their personal health information electronically and to communicate more effectively with their providers. Finally, ACOs should continue to better engage the beneficiaries they serve as valued partners. Meaningful patient and family engagement is critical to ensuring that the model successfully delivers coordinated, quality, patient- and family-centered care. And, meaningful engagement must be built on a foundation that ensures patients and families understand what an ACO is, how this new model of care functions, what the opportunities for improved care are, and what their rights are with respect to accessing care inside and outside of the ACO.

Although ACOs are now several years old, most research to date has focused on the provider, payer and policy perspectives, and minimal research about consumers’ experience is available. However, there are some early indicators of positive consumer experience with ACO care. As ACOs continue to evolve, they should prioritize the focus on improving care experience and outcomes for patient and family caregivers.

In Some ACOs, Scope of Services Has Expanded

For example, Hennepin Health, a Medicaid ACO in Minneapolis, Minnesota, takes an especially comprehensive approach to population health management because its leaders believe the biggest influences affecting health care utilization and outcomes occur outside of the traditional delivery system. To improve health, Hennepin helps its patients find housing, jobs, transportation, counseling and other social-focused care services. One example is its Housing Navigators, which are special staff members dedicated to helping high-risk, high-utilizing members find reliable and safe housing.
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1. Partners HealthCare is a not-for-profit, integrated health care system based in Boston, Massachusetts. Partners HealthCare was founded by Brigham and Women's Hospital and Massachusetts General Hospital. Partners is the largest private employer in Massachusetts, with approximately 60,000 employees, including physicians, nurses, scientists, and caregivers. In addition to two academic medical centers, their ACO, founded in 2012, includes community and specialty hospitals, a physician network, home health and long-term care services, and other health-related entities. They maintain their ACO through contracts with Blue Cross and Blue Shield of Massachusetts and CMS' Pioneer ACO Program.

2. While there are similarities between ACOs and health maintenance organizations or managed care organizations (MCOs) of the past, accountable care is more than just managed care. Three requirements must be met to fully engage in the practice of providing accountable care. The entity must (1) bear financial responsibility for the health of a population, (2) assemble an infrastructure to coordinate the provision of care across the entire spectrum of health services, and (3) oversee the clinical care received by the patient. For more information see, Accountable Care: More than Just Managed Care 2.0.

3. An important component of accountable care, "care coordination" is defined as the deliberate organization of patient care activities between two or more participants (including the patient) involved in patient's care to facilitate the appropriate delivery of health care services.


11. The Medicare Pioneer ACO Model is a program designed for a limited number of larger health care organizations that are already experienced in coordinating care for patients across care settings. For more information see http://innovation.cms.gov/initiatives/Pioneer-aco-model/

12. Eligible providers, hospitals, and suppliers may participate in the Medicare Shared Savings Program by creating or participating in an ACO. The Medicare Shared Savings Program facilitates coordination and cooperation among providers to improve the quality of care for Medicare beneficiaries and reduce unnecessary costs. For more information see http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/index.html?redirect=/SharedSavingsProgram/


15. Here, primary care physicians include the specialties: internal medicine, general practice, family practice and geriatric medicine.

16. In cases where beneficiaries’ primary care services are not provided by any primary care physician, Medicare beneficiaries are assigned to an ACO if the beneficiary’s primary specialist or primary non-physician practitioner is part of an ACO.


18. Beneficiaries who have not received a primary care service from a primary care physician, including those outside the ACO, may still be assigned to an ACO if they receive a plurality of primary care services from other providers within the ACO, including: specialists, nurse practitioners, and physicians assistants.


20. ACOs are permitted to share beneficiaries’ claims data among providers within the ACO, such as personal health information, the type of care and services that were received, when the care was received, and total cost of care. Data sharing is a key aspect of any successful ACO and can be achieved in a HIPAA-compliant manner.


Federal rules require that "adequate" access is provided. States define "adequate" by setting parameters around travel distance, maximum waiting times, and minimum ratios of providers within networks (42 CFR 438.206 Availability of Services).


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In total, MSSP ACOs experience higher patient experience survey scores than traditional Medicare FFS.

ADDITIONAL RESOURCES

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