



ACOs Seeing Success in the Medicare Shared Savings Program in 2020

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Background

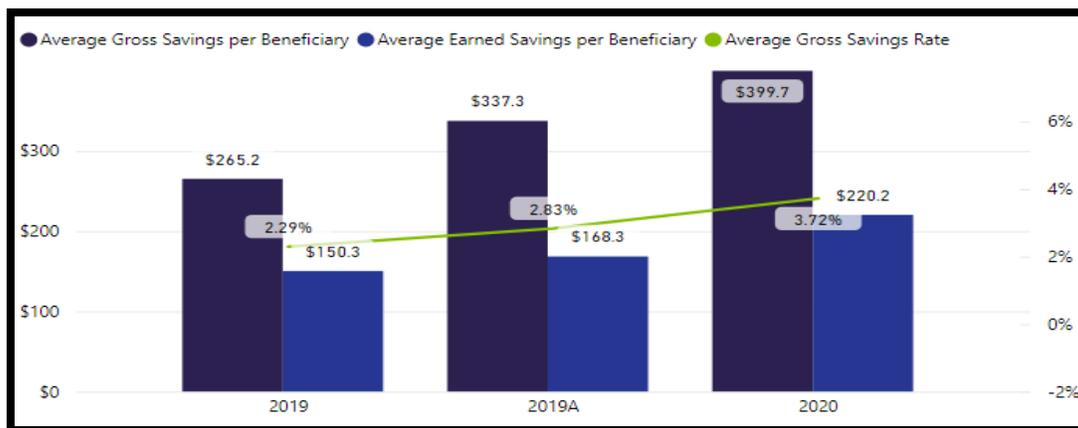
The Center for Medicare and Medicaid Services (CMS) has maintained its commitment to driving better care for individuals, improving health for Medicare beneficiaries, and lowering healthcare costs. Collectively, Accountable Care Organizations (ACOs) participating in the Medicare Shared Savings Program (MSSP) have demonstrated an improvement in quality and healthcare cost savings each year since the program began. Although 2020 was a difficult year for many areas of the healthcare industry, MSSP ACOs saw and shared in record levels of savings, showing that the program can find success even in unusual times. This brief analyzes the savings and results of the program in 2020 and discusses how ACOs should think about measuring their performance moving forward.

Favorable Experience in 2020

The 2020 Performance Year results represented the highest amount of shared savings of any year in the Medicare Shared Savings Program. While not all ACOs realized savings, the average gross savings per beneficiary per year increased from \$265 in 2019¹ to approximately \$400 in 2020, a growth of over 50% in a one-year period. As part of the MSSP, ACOs are able to share in a portion of those savings. On average, approximately \$220 per beneficiary per year was shared with the ACOs; more than half of all gross savings realized were shared with the ACOs participating in the program.

The table below shows the average per beneficiary gross and earned savings in each year, including 2019, the alternate 2019 performance period for ACOs with a 7/1/2019 agreement start date, and 2020.

Average Savings per Beneficiary by Performance Period



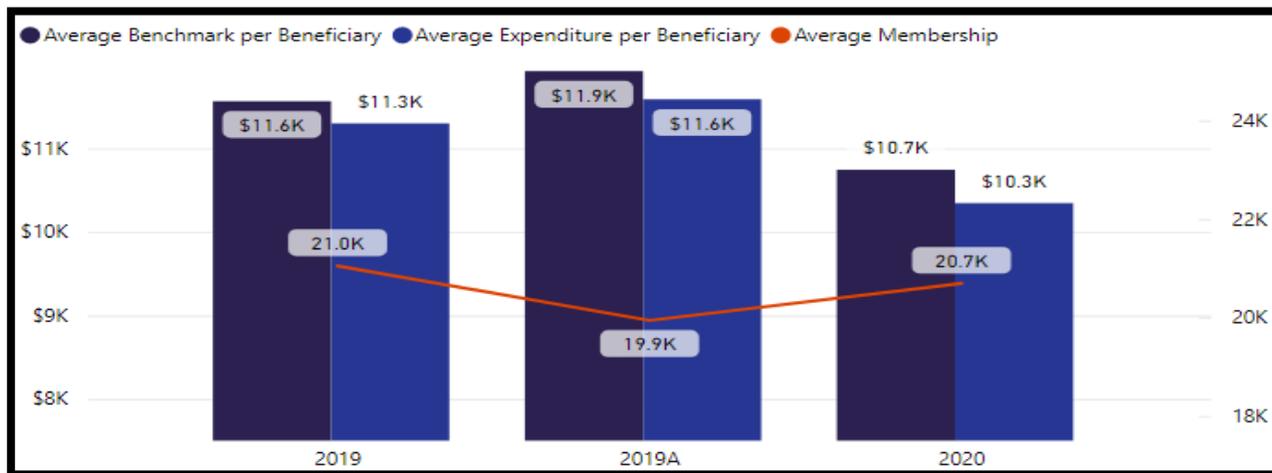
¹ 2019 reflects 2019 performance year, excluding the 2019 “alternate” performance year for ACOs with a 7/1/2019 start date.

In the table above, average gross savings (left bar for each year), average net savings (right bar for each year) and the overall savings rate as a percent of benchmark are increasing from 2019 performance year through 2020 performance year. An upward trend is notable moving from 2019 to 2020 as well from 2019 to 2019 “alternate”.

While overall nationwide 2020 experience was more favorable than 2019, Wakely noticed significant variability by region. For example, the ACOs with beneficiaries in the Florida and Georgia regions generated lower gross savings in 2020 as compared to 2019 (down approximately 8% in Florida and 39% in Georgia). On the other hand, ACOs with beneficiaries in California generated higher levels of gross savings in 2020 as compared to 2019 (gross savings up approximately 143% year over year). The implication is that while 2020 MSSP experience was more favorable on average nationwide, the impact of COVID-induced deferred care and shut-downs was regionally specific and impacted individual ACOs in vastly differently ways.

What factors led to increased savings in 2020? In total, the benchmarks that ACOs were compared to were lower in 2020 than they were in 2019 (\$10.7K in 2020 compared to \$11.6K in 2019). This is driven by national and regional fee-for-service expenditures decreasing, and CMS holding ACOs to a more strenuous threshold in order to achieve shared savings. However, expenditures for the ACOs dropped even more significantly than the benchmarks from 2019 to 2020 (\$10.3K in 2020 compared to \$11.3K in 2019), and this larger drop in expenditures as compared to the benchmark led to higher shared savings in 2020.

Average Benchmark and Expenditures by Performance Year



Looking Forward to 2021

What can an ACO expect for 2021? With the interruption of the COVID-19 pandemic impacting results for performance year 2020, uncertainty remains regarding expectations for performance year 2021. CMS has noted that they are expecting 2021 fee-for-service (FFS) expenditures to return to their 2019 levels or higher². Initial year-to-date nationwide FFS expenditures would also suggest a healthy increase from

² <https://www.cms.gov/files/document/narrative-supporting-2022-growth-rate.pdf>

2020 levels, leading to an increase in 2021 ACO benchmarks. The following table illustrates the expected FFS USPPC and Nationwide FFS trends.

	2017	2018	2019	2020	2021	2022
FFS USPPC	\$823	\$853	\$884	\$832	\$930	\$1,028
Nationwide FFS Trends		3.6%	3.7%	-5.9%	11.7%	10.6%

The results above are likely to vary significantly by region, but the current data suggest that ACOs will not be held to the same level of aggressive benchmarks as they were in 2020. ACOs should monitor regional and national trends along with their ACO-specific experience throughout the year to understand whether they can expect to receive shared savings for the 2021 performance year or are at risk for repaying losses.

Please contact Brad Heywood at Brad.Heywood@wakely.com, or Dani Cronick at Dani.Cronick@wakely.com with any questions or to follow up on any of the concepts presented here.

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