WHITE PAPER

Wakely Risk Insight for the Medicare Shared Savings Program

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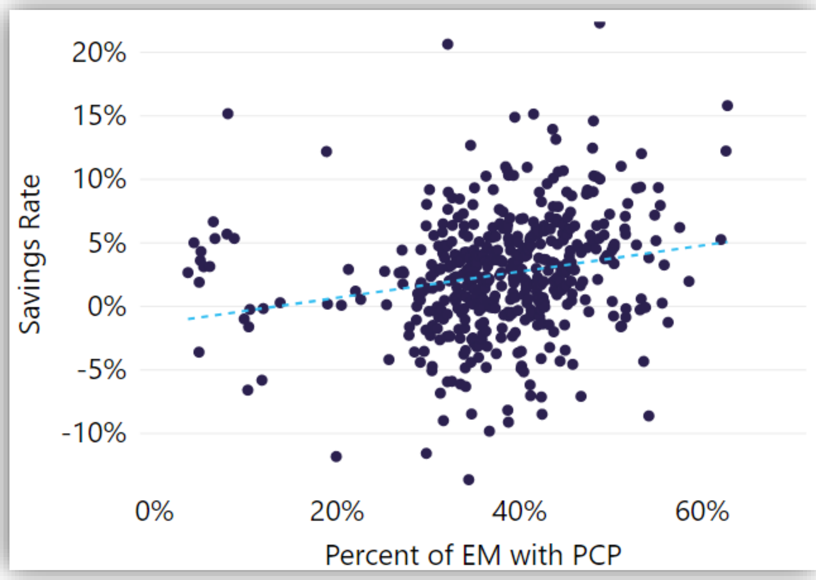
Driving Success in the Medicare Shared Saving Program

Since its inception, the Medicare Shared Savings Program has been committed to achieving the triple aim of healthcare: better care for individuals, better health for populations, and lowering the growth of expenditures. Accountable Care Organizations (ACOs) targeted this triple aim by providing high quality care while creating "gross savings," a term intended to measure the difference between where the Centers for Medicare and Medicaid Services (CMS) would expect beneficiary level expenditures to fall (the benchmark) and where those expenditures actually ended up (the performance year expenditures). ACOs were then rewarded for their success by sharing in a portion of these gross savings.

In order to better support ACOs in their progress towards realizing gross savings, Wakely conducted an analysis to measure the correlation between various ACO characteristics and the level of gross savings achieved. The goal was to better understand what certain ACOs were doing to find success in the program and what others could change to increase their chances of achieving gross savings.

This study was titled: Wakely Risk Insights for the Medicare Shared Savings Program. A full report surrounding our findings has been provided to ACO study participants. The goal of this whitepaper is to provide a shortened version of the report that touches on the study's key insights at a higher level. See below for further details and please reach out to WRIMSSP@wakely.com if you would like access to the full report.



More primary care physicians (PCPs) and more evaluation and management (EM) visits with PCPs lead to greater success. One of the ACO characteristics most highly correlated with gross savings was the number of PCPs within an ACO's provider list and the percent of EM visits that were specifically with a PCP. ACOs with a larger percentage of PCPs on their provider list, as opposed to those having a higher percentage of specialists or nurse practitioners, tended to achieve higher gross savings. When formulating their provider list before the start of each performance year, this is something ACOs should consider.

Larger ACOs saw more consistency and stability in their results. Although larger ACOs did not necessarily see greater per beneficiary savings, they were much less likely to see large swings in their results. This is important to understand for smaller ACOs who are at greater risk because random fluctuations in beneficiary performance (noise) could completely eliminate all of their earned savings.

Populations with greater risk scores didn't see greater savings. In our analysis of population morbidity, Wakely evaluated both average risk score and average per beneficiary expenditures. We found that although ACO risk score was minimally correlated with gross savings, per capita expenditures were highly correlated with gross savings in an inverse direction – higher cost ACOs either showed gross losses or lower levels of gross savings. We discuss potential reasons for this disconnect in the full Wakely Risk Insights – Medicare Shared Savings Program (WRI – MSSP) national report.

ACOs taking on downside risk saw greater program success. CMS has also reported on this correlation, stating that ACOs under two-sided risk models saw greater levels of per beneficiary savings than ACOs under one-sided risk models. This would seem to indicate that ACOs willing to take downside risk are better positioned to achieve a larger savings.

Low Revenue ACOs saw greater levels of savings. Our analysis looked separately at the CMS defined "high revenue" or "low revenue" ACOs, as well as ACOs that included specific hospitals and facilities (ACOs with hospitals and facilities are typically defined as "high revenue" ACOs). We found overwhelmingly that low revenue ACOs had greater levels of shared savings. Further detail around the potential causes for this correlation are included in the full WRI – MSSP national report.

ACOs with longer program participation history see greater success, but the first year in a new agreement period typically shows a dip in performance. Not surprisingly, ACOs in later durations (those who have been in the program longer) showed better performance. However, we also found that even for ACOs in their second agreement period, the first year of a new agreement period can show a decrease in gross savings due to benchmark rebasing.

The full WRI – MSSP national report goes into greater detail on the findings above, introduces additional characteristics and their correlation to gross savings, and offers information on what actions ACOs can consider to increase their chances of success within the program.

Please contact Dani Cronick at dani.cronick@wakely.com or Hunter Schouweiler at hunter.schouweiler@wakely.com with any questions or to follow up on any of the concepts presented here, as well as learn how to get access to the WRI – MSSP national report.

OUR STORY

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Our clients benefit from Wakely's unique structure.

All projects welcomed. We'll never be actuarial divas. No project is too big or too small. We value all opportunities (and clients) equally, and we're here to help you reach your goals.

Diverse thinking, better results. At Wakely, we're more than policy gurus and data experts. We embrace diverse talent, because it takes all kinds of minds and fresh perspectives to meet the unique needs of our clients

Happy people. We believe that treating employees well translates into exceptional client solutions and service. We consistently deliver both, thanks to our high employee satisfaction and retention rates.

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