

New ACO Playbook: Seven Keys to Expanding ACO Savings—and Market Share

written by Theresa Hush | October 7, 2021



At the beginning of this series, we laid out a basic tenet: As shared savings plan ACOs, you need to do as well or better at lowering costs than competing value-based payment models. Otherwise, your resources and support will dwindle in favor of more promising avenues to control Medicare spending, and competition will stifle your growth.

We've examined the competition and what they offer physicians to succeed in Risk and to attract patients. The bar is high. Medicare Advantage Plans, equity-backed practices, and Management-model ACOs like Aledade have changed the playing field for physician participation and growth.

ACOs Have Lost Ground to the Competition

Medicare Advantage plans, alone, cover 26 million people, or 42 percent of the total Medicare population, [gaining five points over the past five years](#). Most of that growth is going to for-profit health care plans, like United Healthcare and Humana.

Traditional Medicare, as a result, is declining as a share of total enrollment. The ACO slice of that pie is 12.1 million, or 19 percent, of the Traditional Medicare enrollees. Of those 12 million, a growing number represent enrollees under managed ACOs and equity-backed practices, with 10 percent in [Aledade practices](#) alone.

ACO Savings Continue to Build, But Remain Small

New 2020 figures released by CMS in late August total \$2.3 billion in ACO savings, relatively flat from the \$2.6 billion in 2019. These savings figures are often [disparaged by industry analysts](#) because they are calculated according to artificial benchmarks based on historical and regional spending. But let's take them at face value to make comparisons. About 67 percent of ACOs were successful in achieving savings in [2020](#); the most successful were ACOs accepting more Risk—by a large margin of 85 percent among two-sided-risk ACOs—versus 55 percent among one-sided ACOs achieving savings only.

For your ACO to have the best chance at growth and savings in a competitive market, being slow to adapt is not an advantage. There is noisy public criticism of ACOs for small savings compared to the total Medicare budget. While not a fair benchmark (ACO spending is a small portion of the total budget), the critique makes an important point: .02 percent savings against the total Medicare budget indicates that ACOs are not a huge driving force in Value-Based Care. If you want to ensure your options for a provider-driven payment model, you must show that you can achieve savings equivalent to a health plan. The political timeline for that accomplishment is short.

7 Key Strategies to Higher Savings and Growth

In previous articles, we have examined actions to lower costs by (1) using data-driven analytics to compare and identify cost drivers, and (2) applying interventions or improvements to address these cost issues. You may think this is simplistic and obvious, but that is far from the truth. If your strategies are based on ideas that are promoted by others, or tactics to create physician compliance with financial benchmarks alone, your approach is solely intuitive. If you lack the data needed to examine costs in enough detail to distinguish the reasons for cost variation or opportunities for savings, it is likewise an intuitive approach. You may guess at costs based on categories of dollars and knowledge of health care. But cost categories cannot

show you reasons for cost variation. An intuitive approach limits your strategies entirely to non-clinical interventions and the most basic population health tools involving patient outreach.

Without data and detailed analytics, you have a more difficult time engaging clinicians in improvements, redesigning care for the chronically ill, and supporting them in the ACO. Intuitive approaches suppress your savings and undercut your physician network strategy by keeping them in the dark.

By contrast, these seven strategies are geared to deploying interventions that specifically respond to cost variation and drivers based on data. Most importantly, they also target your interventions to the most salient opportunities to improve conjoined patient outcomes and costs—first, by understanding the problem and second, by applying interventions in a more effective and resource-conserving manner.

Analytics Strategies

These analytics strategies give you the foundation for launching all your cost initiatives:

1. Deploy patient episode analytics to reveal cost variations and cost drivers for patients with major chronic conditions. Annualized patient episodes create a comparable unit for analysis by patient, condition, and provider. Your top priority includes high-volume metabolic diseases such as diabetes and coronary artery disease, and other chronic diseases that trigger high cost events or disease progression. By identifying patients with poor control over time and emergencies and hospitalizations, you can create a more targeted patient population for potential interventions. Collecting social determinants of health data will help you also to focus on additional risks, such as behavioral health, food and housing insecurity, and domestic abuse.
2. Use episode analytics to help support physicians in achieving better treatment plans. Patient episodes enable the evaluation of patients with poor control in the context of clinical treatment data, such as medications and use of ancillary and specialty services. For example, patients with poor control of diabetes but who are only on insulin can be queued for physician review of medications, either as a group or at their next visits. This process may reveal medication affordability issues that should be reviewed and discussed with the practice and, if needed, referred to ACO staff for arranging subsidies or referrals to community financial assistance programs. Providing physicians with [patient episode analytics](#) that lead to specific evidence-based interventions benefits clinical treatment. It also creates engagement in costs in a positive way. If physicians participate in efforts to improve outcomes for patients with chronic diseases by a series of interventions—medications, nutritional services, referral to subspecialists—it's a win for both physicians and their patients.

3. Examine specialty services for the highest volume conditions and procedures, and seek out groups participating in specialty care models. Also using patient procedural and condition episodes, your ACO can more systematically examine both physician-referred and patient-referred specialty services. Claims data facilitates the creation of comprehensive specialty episodes based on procedure, with filters for factors that drive higher marginal costs. Examination of specialty-managed conditions and procedures can help your ACO work with specialists to lower costs and also determine optimal referral policies. Since between 40 and 60 percent of costs is driven by specialists, a specialty cost management initiative should be a significant part of your savings activities. You may find collaborative opportunities if there are specialty groups in your region that are participating in Cancer or Kidney Care Models, or that have participated in Medicare or private Bundled Procedures initiatives, as they have self-selected Risk.

Interventions and Initiatives

Data is most valuable if it is intended to immediately drive initiatives aimed at patients and their clinicians. These can be specific patient health interventions, or they can be broader initiatives to connect your ACO to a broader network of care and community resources.

4. Implement interventions both at point of care (managed by clinicians or medical staff) and population health, depending on the nature of the intervention. You will need to make data available at the point of care for clinicians. Or, your ACO may decide to manage certain interventions across a group of patients, such as a patient group nutritional services program. If your ACO is currently using population health only as patient follow-up, you can create more information and a better targeted population by deploying episodes.

5. Explore the use of technology, wearables, and monitoring devices to obtain and track patient outcomes. Identifying patients for [continuous glucose monitoring](#) has proven to be of great value for patients. Fostering use of telemedicine and other technology-assisted visits and outreach can help bridge the gap between visits, especially in behavioral health. Nurse phone lines have been used as a standard practice among payers to avoid emergency visits. These interventions, which also can be targeted based on status of the patient and condition, can benefit patients, reduce services out-of-network, and avoid hospitalizations. Like other interventions, these can be queued for clinical approval and patient outreach by episode-filtered populations so that they are best targeted.

6. Integrate behavioral health services into your ACO initiatives. Behavioral health services are increasingly recognized as [critically important components of care](#) that influence outcomes and costs, including a large proportion of hospital admissions. Yet behavioral health is often missing

and undervalued in primary care, in part because it's very challenging to fully address behavioral health issues in the primary care office. For one, the time allotted for most ambulatory encounters is too brief to manage much more than an acute symptom or problem. Additionally, it's often difficult for primary care clinicians or their patients to access mental health services due to poor insurance coverage and a shortage of available providers.

New integration models of behavioral health and primary care practices show positive results for patients and both physicians and behavioral clinicians. Your ACO can develop the initiative to foster integrative techniques to identify patients with needs and create early interventions. ACOs that have experimented with identification and referral of patients have seen substantial reductions in admissions.

7. Invest in growth by reaching out to patients and consumers regularly with educational and promotional information. Negotiate ACO agreements with private insurers. Invite patients into interventions and initiatives. Your value to your physician base or health system hinges on more than Medicare. Your ACO must bring them an increased volume of patients from other insurance plans and direct patient choice to command the resources you need to be successful. But these initiatives are not self-serving. They create energy and enthusiasm on the part of the enterprise and your patients and a potential dialogue that can lead to more and even better strategies and interventions.

This short list of strategies cuts through the complex processes that are involved in improving costs and outcomes for patients, but it is by no means simplistic. That your ACO needs infrastructure and processes to undertake these strategies is clear, but the elements of that infrastructure will be described in our next article. What's the most important takeaway? A shortlist based on data can help you corral significant costs and cement partnership and confidence from your physicians. You can, with precision, address high cost areas that stymie your success.

Founded in 2002, Roji Health Intelligence guides health care systems, providers and patients on the path to better health through [Solutions](#) that help providers improve their value and succeed in Risk.

Image: [Vivian Arcidiacono](#)