

Evidence Roadmap: Medicare ACOs and the Health Care Marketplace



AcademyHealth

In 2013, AcademyHealth's Translation and Dissemination Institute launched its Listening Project, which aims to identify the most pressing health services research needs of leaders in health policy and health care delivery for the coming three to five years. **The 2014 Listening Project Report** identified several research and data gaps related to Medicare. In response to what we heard from the Medicare policy community, AcademyHealth has created this series of evidence roadmaps to identify existing resources related to these gaps. These roadmaps represent a selected minimal set of key resources rather than comprehensive list of relevant research. The roadmaps are intended to help policy analysts and other research users better understand whether a perceived research gap represents an actual lack of evidence or a failure of existing evidence to reach the policy arena, that is, a failure of adequate translation and dissemination. AcademyHealth undertook this roadmap with the support of the Robert Wood Johnson Foundation.

Accountable care organizations (ACOs) are provider organizations designed to coordinate care by integrating hospital, physician, and other services with the intention of improving quality and value. ACOs are not limited to Medicare, but the Center for Medicare and Medicaid Innovation (CMMI) has funded **several types of ACOs** under its authority to test new ways of providing and paying for Medicare services. The three main types are the Shared Savings Program, which focuses on Medicare providers previously reimbursed on a fee-for-service basis, the Advance Payment ACO Model, which provides supplemental start-up resources to physician-owned and rural providers participating in the Shared Savings Program, and the Pioneer ACO Model, a program that enrolled 32 organizations with previous experience in coordinating care. Under both programs, Medicare shares any savings with the ACO. While CMMI's evaluation have focused on these organizations' overall financial and quality performance, policy analysts and experts identified a need for research to understand the inner workings of ACOs, Listening Project interviews with policy analysts and policy experts revealed a desire for research regarding Medicare accountable care organizations' (ACOs) effect on the health care marketplace, including ACO impact on competition, cost, quality and access to care. This roadmap focuses on these issues. A separate roadmap examines evidence relevant to understanding the internal structure and operation of Medicare ACOs.

Because ACOs — both within and outside of Medicare — are a relatively new form of health care payment and delivery, they are still being evaluated. Additional data, studies, and reviews will be forthcoming with time. However, some evidence on the market and organizational characteristics conducive to ACO formation and the potential impact of ACOs on price competition in local health care markets does exist.

Data Sources

National Survey of Accountable Care Organizations

The National Survey of Accountable Care Organizations is a project of The Dartmouth Institute for Health Policy & Clinical Practice and the University of California, Berkeley, School of Public Health. NSACO collects information regarding contract arrangements, organizational structure, and ACO capabilities. (NSACO website: <http://nsaco.dartmouth.edu>)

Individual Studies

Choice Inconsistencies among the Elderly: Evidence from Plan Choice in the Medicare Part D Program

Abaluck J, Gruber J. *Am Econ Rev*. 2011 Jun; 101(4): 1180-1210.

The study found that seniors place more weight on plan premiums than on expected out-of-pocket costs, value plan financial characteristics more than any impacts on their own expenses or risk, and place almost no value on plans' variance-reducing features.

Accountable Care Organizations in the United States: Market and Demographic Factors Associated with Formation

Lewis V, Colla C, Carluzzo K, Kler S, Fisher E. *BMC Health Serv Res*. 2013 Dec; 48(6): 1840-1858.

This study identified ACOs from multiple sources, documented service locations, and grouped service locations according to the Dartmouth Atlas hospital service areas. Researchers then used the 2010 American Community Survey and 2010 Medicare fee-for-service claims data to connect demographic and health care system characteristics to the ACO locations to identify the demographic and health care system characteristics associated with ACO formation.

Regulatory Neutrality is Essential to Establishing a Level Playing Field for Accountable Care Organizations

Bacher GE, Chernew ME, Kessler DP, Weiner SM. *Health Aff (Millwood)*. 2013 Aug; 32(8): 1426-1432.

Authors explored the implications of regulatory neutrality for ACOs in four different areas: antitrust, financial solvency regulation, Medicare governance requirements, and Medicare payment models.

The First National Survey of ACOs finds that Physicians are Playing Strong Leadership and Ownership Roles

Colla CH, Lewis VA, Shortell SM, Fisher ES. *Health Aff (Millwood)*. 2014 Jun; 33(6): 964-971.

Authors used data from the first National Survey of Accountable Care Organizations to estimate physician involvement in public and private ACOs. Authors concluded that physicians currently hold leadership or ownership roles in a majority of ACOs.

Spending Differences Associated with the Medicare Physician Group Practice Demonstration

Colla CH, Wennberg DE, Meara E, Skinner JS, Gottlieb D, Lewis VA, et al. *JAMA*. 2012; 308(10): 1015-1023.

This article estimated cost savings associated with the Medicare Physician Group Practice Demonstration (PGPD), an earlier pilot similar to the Medicare Accountable Care Organization demonstration. Researchers used a quasi-experimental design to compare pre-intervention and post-intervention trends in spending among participants in the PGPD and local control groups.

Accountable Care Organization Formation is Associated with Integrated Systems but Not High Medical Spending

Auerbach DI, Liu H, Hussey PS, Lau C, Mehrota A. *Health Aff (Millwood)*. 2013 Oct; 32(10): 1781-1788.

Authors examined where ACOs have formed and what factors are associated with their formation. Authors concluded that underlying provider integration may influence ACO formation.

A National Strategy to Put Accountable Care into Practice

McClellan M, McKethan AN, Lewis JL, Roski J, Fisher ES. *Health Aff (Millwood)*. 2010 May; 29(5): 982-990.

This article focused on ACO implementation issues and includes an update of implementation in the context of other health reforms. Authors include a brief discussion of ACO impact on overall health marketplaces.

The 'Alternative Quality Contract' Based on a Global Budget, Lowered Medical Spending and Improved Quality

Song Z, Safran DG, Landon BE, Landrum MB, He Y, Mechanic RE, et al. *Health Aff (Millwood)*. 2012 Aug; 31(8): 1885-1894.

Researchers analyzed changes in spending and quality associated with the Alternative Quality Contract, a contract between several provider organizations based on a global payment and pay-for-performance benchmarks, similar to the Pioneer Accountable Care Organizations under Medicare.

Grey Literature

An Actuarial Perspective on Accountable Care Organizations

American Academy of Actuaries; 2012 Dec.

This overview provided an actuarial perspective on several issues related to ACO implementation, including payment strategy within ACOs and the effect of ACOs on the broader provider marketplace.

The Medicare Shared Savings Program and the Pioneer Accountable Care Organizations

Boyersky V, Parke R. Seattle, Washington: Milliman; 2012 May.

This brief discussed the key features of the Medicare Shared Savings Program (MSSP) and the Pioneer Accountable Care Organization demonstration. Authors give an actuarial perspective in a comparison of the MSSP and the Pioneer program.

Do ACOs Raise Anti-Trust Concerns?

Health Policy Snapshot. Robert Wood Johnson Foundation; 2012 Oct.

This issue brief explained the potential impact of ACOs on local health care marketplaces, including the potential for reduced competition and its effect on prices.

Research Insights: Integration, Concentration, and Competition in the Provider Marketplace

Summer L. Washington, D.C.: AcademyHealth; 2010 Dec.

This is an issue brief based on a meeting held for federal policymakers. It addressed concerns surrounding vertical integration and possible policies that might promote integration and keep markets competitive. It includes a bibliography of key research.

Ongoing Research

Evaluating the Formation and Performance of Accountable Care Organizations: Focus on High-Need, High-Cost Populations, Year 5

Colla CH (Dartmouth College, Hanover, NH). The Commonwealth Fund.

In this phase of the project, researchers will concentrate on high-need, high cost patients as they relate to ACOs. This study will include an analysis of the likelihood of ACO formation in areas with a concentration of high-need patients.

How Do Health Insurer Market Concentration and Bargaining Power with Hospitals Affect Health Insurance Premiums?

Herring B (Johns Hopkins University, Baltimore, MD), Trish EE (University of Southern California, Schaeffer Center for Health Policy and Economics, Los Angeles, CA). *Changes in Health Care Financing and Organization*. Grant No.: 69070.

This study is examining the balance of hospital concentration and insurance concentration and its impact on insurance premiums.

Researchers hypothesize that concentrated markets have higher premiums than competitive markets. This is important as ACOs are likely to increase concentration in local markets.

Effects of Physician Concentration, Physician-hospital Integration, and ACOs on Prices in Commercial Health Care Markets

McWilliams JM (Harvard Medical School, Boston, MA). *Changes in Health Care Financing and Organization*. Grant No.: 71408. 2015 Nov.

Researchers will examine the influence of “physician concentration, physician-hospital integration, and ACOs on prices paid for physician services.”

Search Strategies

AcademyHealth staff first identified key words and associated MeSH (medical subject headings) terms using the National Library of Medicine MeSH browser. Staff used the key words to search various databases and journals for relevant articles, and then examined the bibliographies of these articles to identify additional studies. Staff searched health care, health policy, trade group, government, and academic websites for grey literature and chose studies most relevant to ACOs and the health care marketplace, in the context of the Listening Project Report. Because the purpose of these roadmaps was to inform current policy, searches focused on years 2010 through 2014. With older resources included when appropriate. Two AcademyHealth members, chosen for their relevant expertise, reviewed the draft Roadmaps, and AcademyHealth staff then updated the document to incorporate the reviewers' comments and suggestions.

Databases: PubMed/MEDLINE; EBSCO Host—Academic Search Elite, Business Source Elite; SAGE Publications; Medical Care Research and Review; National Bureau of Economic Research; Health Affairs; McMaster Health Forum—Health Systems Evidence; HSRProj

Websites: *Changes in Health Care Financing and Organization*, Kaiser Family Foundation, Robert Wood Johnson Foundation, Commonwealth Fund, National Health Policy Forum, Alliance for Health Reform

Key words: accountable care organization; ACO; accountable care organization AND health care market; ACO AND health care market

Inclusion criteria: Studies/resources related to ACO impact on health care marketplace, Medicare cost, quality of care, and access to care

Key to Cited Resources

 **Data sources** provide key descriptive information and trends and are common sources for health services and policy research.

 **Individual studies** provide findings from key pieces of research.

 **Grey literature** provides relevant evidence published by organizations whose primary activity is not publishing.

 **Ongoing research** includes studies currently underway that addresses key questions.