



# ACO Overview and IT Issues

Presentation to  
Accountable Care Workgroup Hearing, ONC

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**National Association of ACOs**

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# Overview



- NAACOS and the ACO Market
- Survey Results
  - Financial Performance
  - Start-up Costs
  - IT Costs
  - How Process CMS CCLF Data
  - Satisfaction with IT
  - ACOs Frustrations

# Who is NAACOS.....



- Only national ACO organization owned and governed by ACOs
- Formed January 2013
- Goals
  - Advocate for ACOs on policy and provide a level playing field to succeed
  - Analyze operational needs/problems and facilitate solutions
  - Share learning to discover best practices
- 77 Member Medicare ACOs
- 54 Business Partners
- Expanding to private payer ACOs in 2014

# What is the size and shape of the ACO market?



- Medicare (MedPAC)
  - 23 Pioneer
  - 220 MSSP
- Private Payer (Leavitt)
  - 235
- Total 478 contracts
- 55 have both; net 423 organizations
- Growth Trend
  - Private a little slower than Medicare but private data weak
  - Estimate will see 150 new in 2014

# What Are Success Factors?

- Research is light and have to extrapolate
- PGP demo was closest and quality was up but financial very mixed and biased by one site
- Pioneers first year showed universal quality improvement but mixed financial (drop outs)
- April 2012 MSSP just received interim financials for first year but not allowed yet to announce
- Early targets seem to be reducing readmissions, managing less SNF use, better coordination with specialists, managing chronic care to avoid hospitals
- Uniform agreement that good current data and IT processing is essential to success

# NAACOS Survey of Medicare ACOs



- Focused on their start up costs, financial expectations and IT experiences
- 35 responses from mix of types, sizes and dates, 1 Pioneer, rest MSSP
- Average beneficiary count was 20,413
- Predominant governance model was one legal medical group entity with or without hospital
- Some were very complicated with over 100 different legal entities defining the governance structure



# Survey of Medicare ACOs Financial Results

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- Estimated Financial expectations were very mixed.
- First year savings/losses ranged from \$4 mil gain to \$10 mil loss.
- Average gain was \$1,278,600
- Average loss was \$1,241,600
- Over half just didn't know!



# Start-up Costs.....

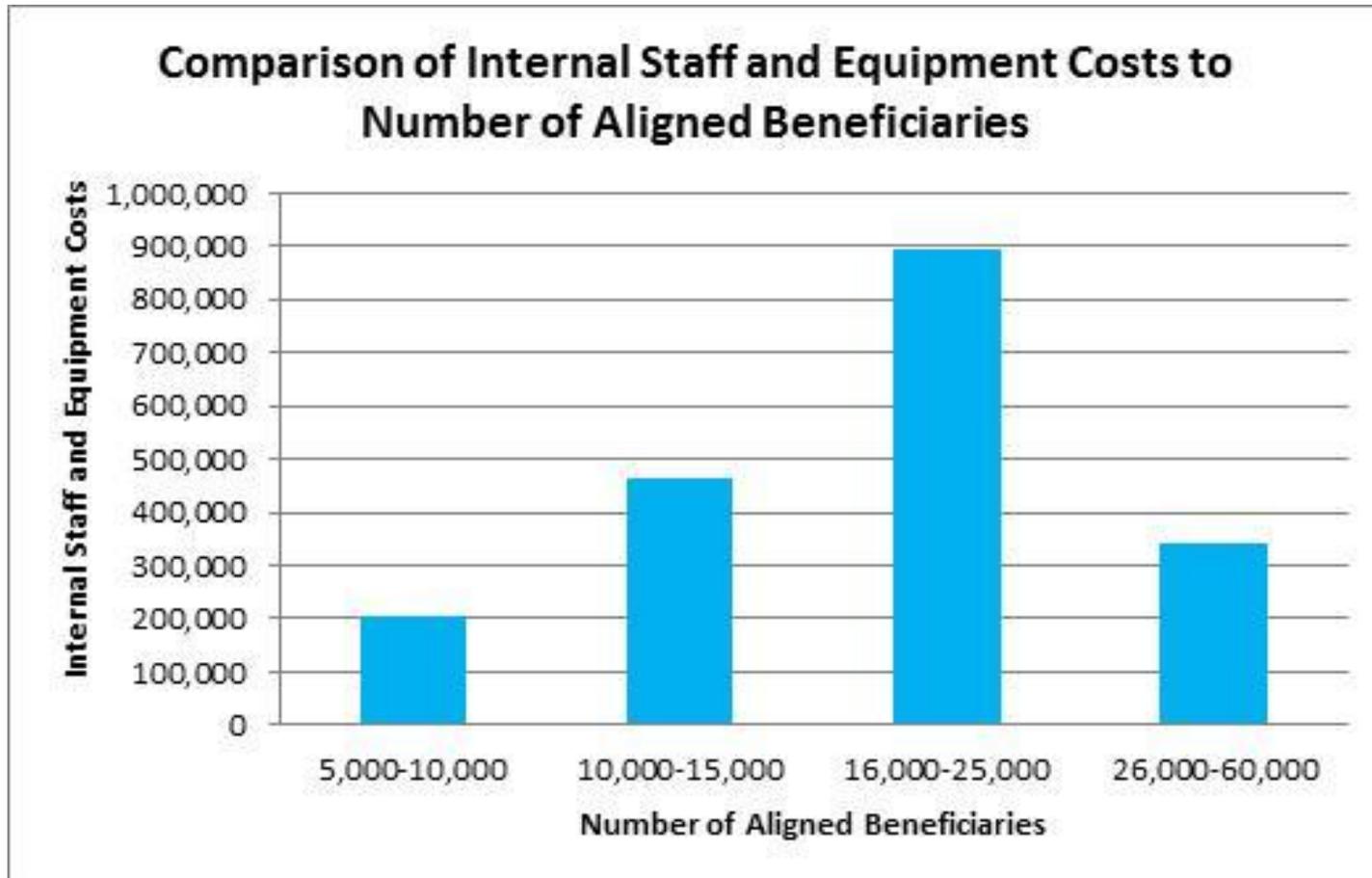
- Survey asked to estimate what was or would be total startup costs for the first year of operation
- No application cost to be included.
- First year startup costs average was \$2,243,216
- 1/3 have acquired debt to a bank, line of credit, owners notes or CMS Advanced Payment recoupment
- Important point is that these organizations have taken a very sizable risk in creating the ACO.



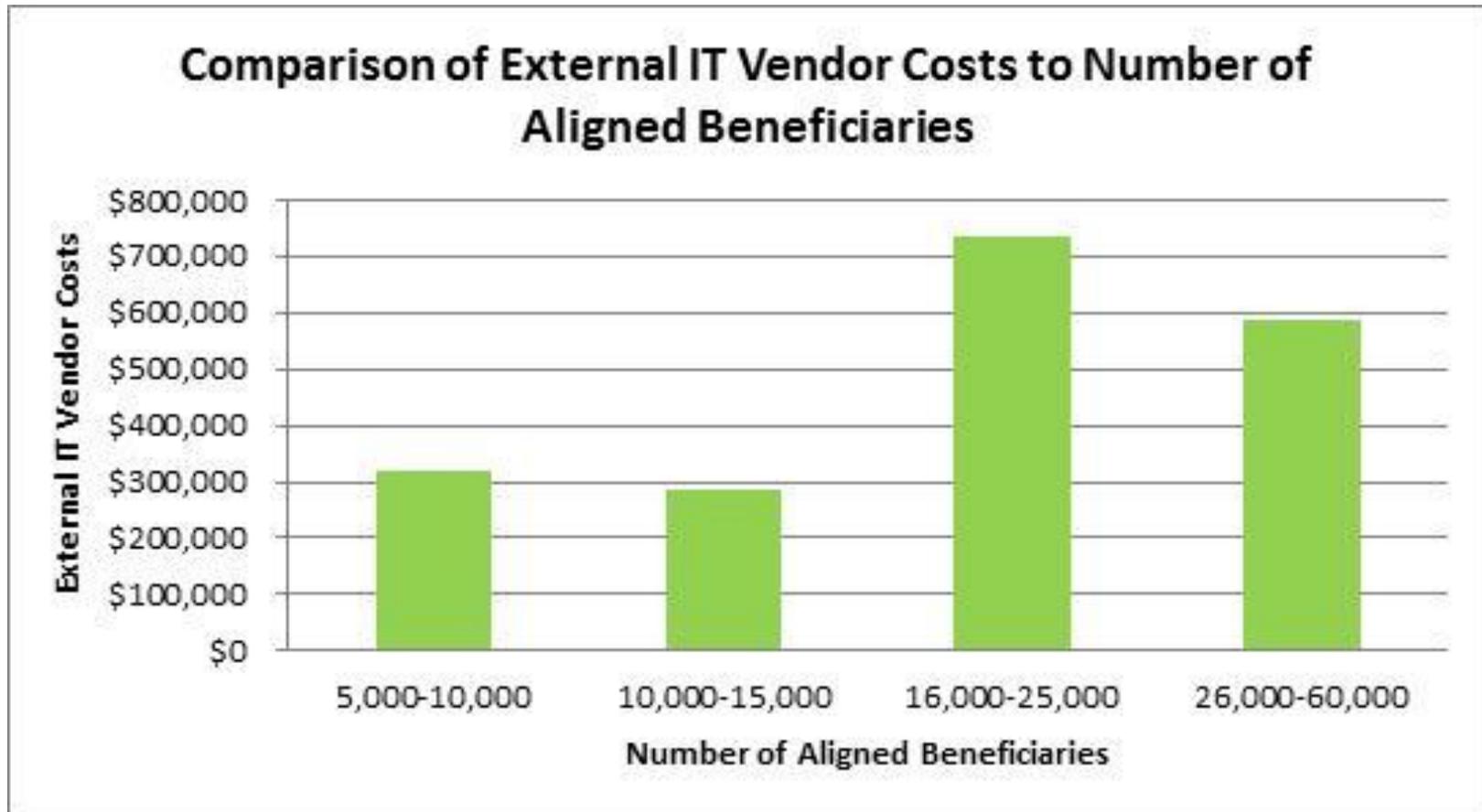
# IT Experiences.....

- Wanted to better understand how ACOs are fulfilling IT needs and their satisfaction with vendors
- Broke questions down into internal staff costs and vendor contract costs.
- Defined time frame as the first year of operation (2013 ACOs estimated based on year to date)
- Ask about satisfaction on a 10 point scale
- Had a few non-responses and did not include those in averages

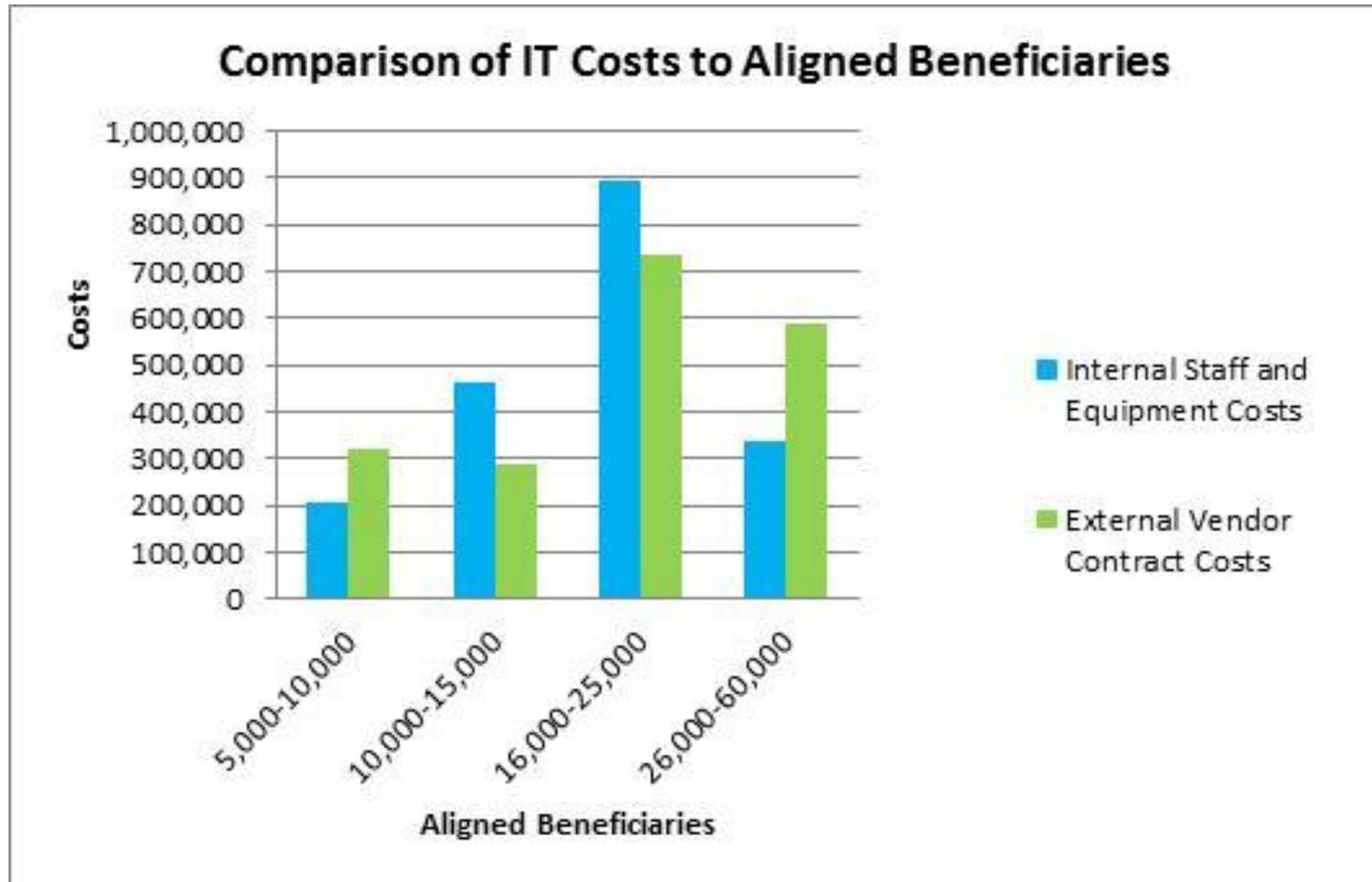
# Internal IT Costs by Size



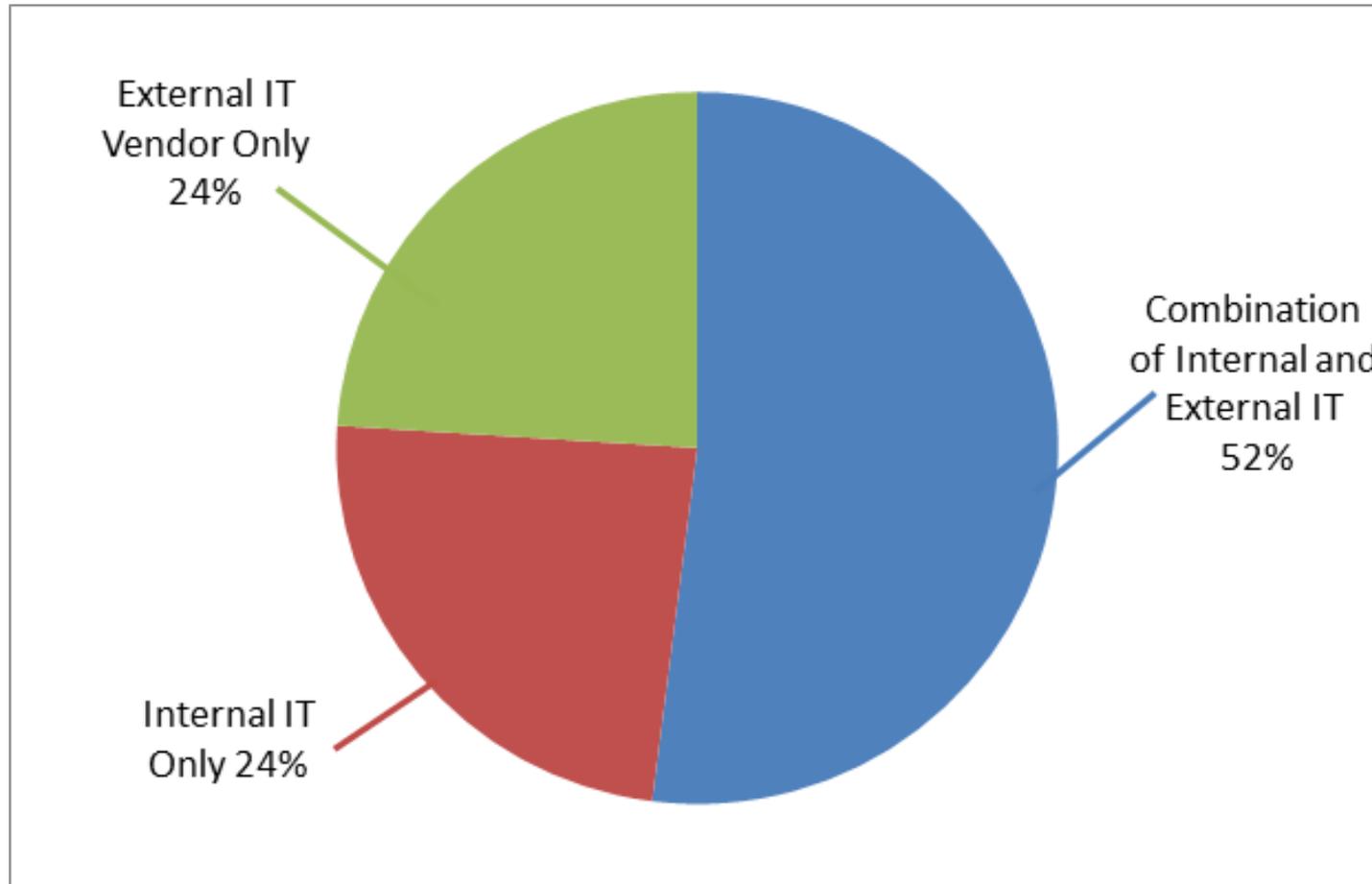
# External IT Costs by Size



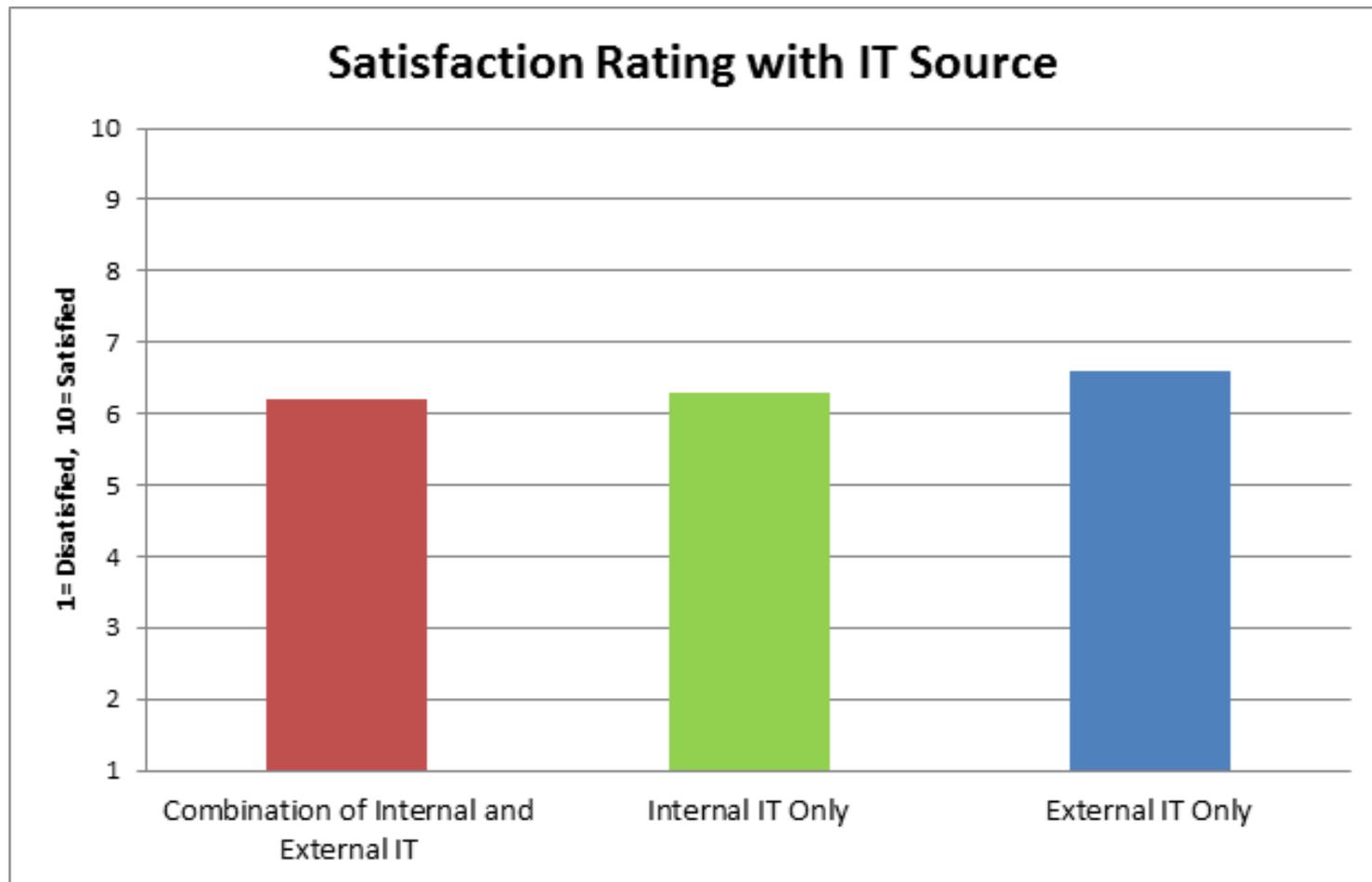
# Combined IT Costs by Size



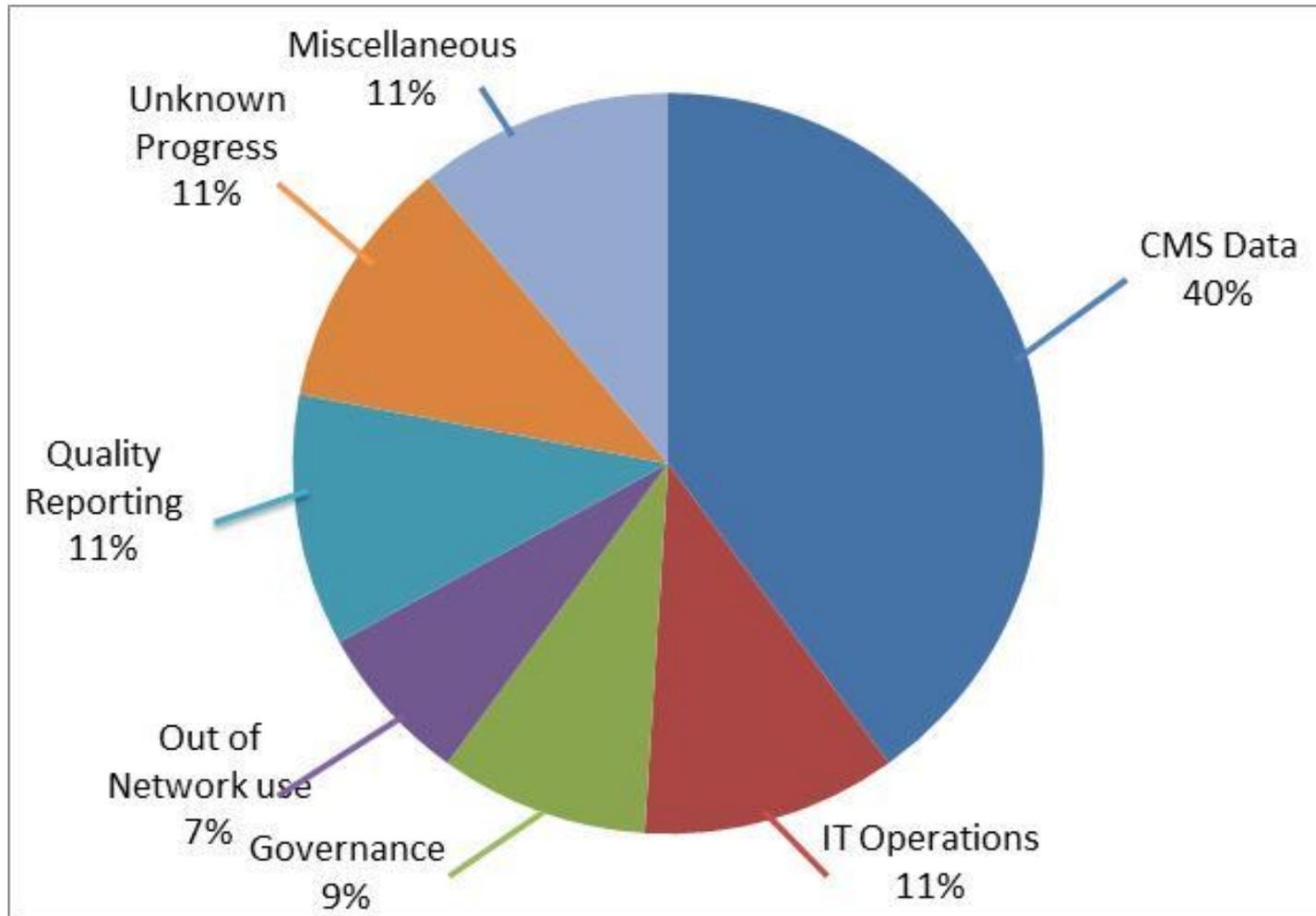
# How ACOs Process CCLF



# First Year Overall IT Satisfaction



# What is the most vexing or frustrating problem in the first year of implementation?



# Questions?



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Or

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