

Accountable Care Organizations

The Patient Protection and Affordable Care Act (PPACA) provides for the creation of Accountable Care Organizations (ACOs). ACOs are groups of health care providers and suppliers working together to coordinate care for Medicare beneficiaries. If ACOs meet certain quality performance standards established by the Centers for Medicare and Medicaid Services (CMS), they are eligible to receive payments for shared savings. Behind ACOs is the theory that effective coordination of care and cost savings, while maintaining quality, is only possible through the collaboration of multiple levels of health care providers.

CMS has not yet issued ACO regulations, but it is clear that ACOs will provide a unique opportunity for physicians to take the initiative in creating sustainable and efficient models for integrated health care. Under PPACA, eligible ACOs may consist of large multi-specialty group practices, networks of individual practices, or collaborations between physicians and hospitals or health plans. In a physician-controlled ACO, in which physicians affiliate and contract with hospitals for additional services, physicians will control the flow of funds and have the potential to capture the largest share of any savings. Even in a collaboration with a hospital or health plan, physicians who take the initiative will be able to guide the creation of the ACO to their benefit.

PPACA includes certain requirements for ACOs that physicians will need to consider when determining what role to play in an ACO, such as:

1. The ACO must have enough primary care professionals to provide services for at least 5,000 Medicare beneficiaries.
2. An ACO must agree to participate in Medicare as an ACO for at least a 3-year period.
3. The ACO must create a formal legal structure that would allow the ACO to receive and distribute shared savings payments to its participating providers and suppliers.
4. The ACO must be able to meet certain quality measures, and to provide regular reports to CMS regarding quality and cost.

Although not explicitly stated in PPACA, a successful ACO will need clinical, administrative and fiscal collaboration on both large-scale and day-to-day levels, as well as sophisticated information technology systems. Once CMS issues the ACO regulations, potential collaborators will have a better idea of all of the elements needed to implement and sustain an ACO.

The ACO implementation deadline is January 1, 2012, and it is expected that CMS will issue ACO regulations within the next few weeks. Now is the time for physicians to determine what role they want their practices to play in a potential ACO. The Rhode Island Medical Society will continue gathering information on ACOs as it becomes available, and anticipates producing comprehensive materials on the regulations once they are issued.

If you would like more information regarding physicians and ACOs, please see the American Medical Association's resource guide, *ACOs, Co-Ops and Other Options: A Manual*

for Physicians Navigating a Post-Health Reform World at <http://www.ama-assn.org/ama1/pub/upload/mm/368/physician-how-to-manual.pdf>.