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Some Michigan accountable care organizations score big with Medicare savings

By Jay Greene

UPDATED with 12th Michigan-based ACO

Michigan's 12 accountable care organizations again fared better in 2015 than national averages in both saving Medicare money, sharing savings and improving quality, according to an analysis by *Crain's*.

Seven of the 12 ACOs, or 58 percent, saved enough money for Medicare to earn a total of \$26.1 million for their owners.

The Dearborn-based **Oakwood ACO**, which is part of **Beaumont Health**, was one of about 125 nationally, or 28 percent, that saved enough money last year to keep a portion.

Oakwood ACO saved Medicare \$15.3 million, earning \$7 million itself, the highest of any ACO doing business solely in Michigan. It also scored a 93 percent quality score, higher than the average 84 percent score nationally.

Medicare requires ACOs to hit targets in many preventive care areas, including screening for risk of future falls, depression screening and follow-up, blood pressure screening and follow-up and providing pneumonia vaccinations.

"These positive outcomes are a direct result of physicians and hospitals working together," said William Isenstein, its executive director and COO, in a statement. "For the third consecutive year, we have exceeded performance goals set by CMS and, as a result, we've continued to provide high-quality care and achieve cost savings for more than 12,500 Medicare patients."

The **University of Michigan's** ACO, while saving \$17.7 million, or 1.4 percent, did not meet the 2 percent threshold in savings to earn a portion of those savings, said David Spahlinger, M.D., UM's executive director of its faculty practice plan and ACO.

In 2014, Spahlinger said, the ACO saved Medicare \$27 million, enough to allow UM to share in \$12 million.

Since 2005, Spahlinger said UM has shared savings with Medicare seven of the 12 years.

"We saved Medicare money every year, just some years not enough for us to share," he said.

USMM Accountable Care Partners ACO, a multi-state ACO based in Troy, saved Medicare \$15.1 million, generating enough over benchmark savings to keep \$7.4 million for itself, the most of any ACO based in Michigan.

The USMM ACO is the only Medicare shared savings ACO serving Medicare beneficiaries receiving home-based primary care services. Some 16,411 seniors were served by USMM during 2015 in Michigan, Florida, Indiana, Ohio, Missouri, Texas, Virginia and Wisconsin.

Another ACO that earned shared savings last year was **Physicians Direct ACO**, which is managed by **Oakland Physician Network Services**. Physicians Direct saved Medicare \$5 million and kept \$2 million. The ACO also scored slightly above national quality averages at 86.4 percent, said Rodger Prong, OPNS executive director.

"The ACO work at OPNS began over six years ago..." with the formation of a patient-centered medical home, Prong said. "These efforts made the (ACO) starting cost and quality ratings hard to beat to gain ACO shared savings but the culture of continuous improvement and infrastructure that had been developed contributed greatly to being able to achieve the results reported."

Like 2014, only 28 percent of Medicare's 392 shared savings program ACOs and 12 Pioneer ACOs, which had combined total savings of \$466 million, met cost and quality targets to share a portion of the money with Medicare, the **U.S. Department of Health and Human Services** said in a statement. Some 26 percent of ACOs saved money in 2013, the first year of the program.

As a vehicle to encourage cost savings, a Medicare ACO is a group of hospitals, physicians or other health care providers that agree to coordinate and manage care, reduce duplication and improve quality for a minimum of 5,000 Medicare patients in a Medicare contract. Over the past three years, ACOs have saved Medicare \$1.3 billion.

"The coordinated, physician-led care provided by Accountable Care Organizations resulted in better care for over 7.7 million Medicare beneficiaries while also reducing costs," CMS Acting Administrator Andy Slavitt said in a statement.

ACO experts tell *Crain's* the key to savings and quality improvement is simple. Increase access to physicians, coordinate care with hospitals and specialty doctors, and reduce unnecessary services outside of physician offices. Care at the right time and at the right place can lead to fewer visits to urgent care, emergency rooms and hospitalizations, they say.

HHS officials said the ACO data comes out several months before a new Medicare reimbursement program, known as MACRA, is set to begin collecting data in January.

MACRA, which shifts payments away from fee-for-service payments and toward value-based payments, is expected to help promote the use of programs like ACOs.

"Our program will benefit from the experience we had over the years as we shift to value based payments" under MACRA, said Spahlinger.

HHS's goal is the shift about half of all Medicare payments through alternative payment models like MACRA by 2018.

Other ACOs in Michigan include the following:

- **Greater Genesee County ACO** - Medicare savings, \$4.2 million; ACO savings, \$1.9 million
- **The Accountable Care Organization Ltd.** - Medicare savings, \$2.5 million.
- **DMC's Michigan Pioneer ACO** - Medicare savings \$2.4 million, ACO savings, \$1.4 million.
- **Accountable Healthcare Alliance P.C.** - Medicare savings, \$1.2 million.
- **Reliance ACO** - Medicare savings, \$2 million.
- **United Outstanding Physicians Southeast Michigan Accountable Care** - No savings

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