

Connecticut's Accountable Care Organizations: Early results - Good intentions but a tentative future

Both nationally and in Connecticut, frustration is growing with rising health costs that are not driving quality improvement and decades of new initiatives that have failed to “bend the cost curve”. A consensus is building that fragmented care and conflicting incentives are a large part of the problem. Along with the rest of the nation, Connecticut has begun experimenting with Accountable Care Organizations as part of the solution.

Accountable Care Organizations (ACOs) are networks of providers across the health care continuum coordinating high quality, patient-centered care for their members. Working together and sharing patient information, ACOs can assess members' health needs, ensure they get the care they need and nothing they don't need, when they need it, to help people get and stay healthy. ACOs can also use data analytics to identify health problems across their population, and use that knowledge to implement and track public health interventions to prevent and manage those common problems. Providers belonging to ACOs are typically paid on a traditional fee-for-service basis for the care they provide, but the network shares with payers in the savings they generate by preventing problems, reducing duplication, and avoiding inappropriate overtreatment. To ensure quality improvement, ACOs only receive savings if they meet pre-defined quality standards.¹

“ACOs come in different structures and I anticipate that some of the structures or models will demonstrate both cost savings and quality improvements and others will not.”

While ACOs offer the potential to improve access to quality care while controlling costs, there are concerns. Anti-trust issues arise when providers join together, potentially undermining competition and driving up prices. Consumer advocates worry that shared savings incentives will result in inappropriate reductions in care, as happened with managed care in the 1990's. While ACOs are held to quality standards, they are still developing and are not comprehensive. Early results for ACOs are mixed. Nationally, Medicare ACOs are having some success improving quality, but few have achieved savings.² To get a first look at how Connecticut's ACOs are faring, the CT Health Policy Project surveyed ACO leaders around the state. We asked basic questions about their organizations, challenges they face, lessons they've learned, and their view of the future for ACOs.

¹ [Accountable Care Organizations](#), CMS, January 6, 2015.

² [Accountable Care Organizations, Explained](#), Kaiser Health News, September 14, 2015.

Connecticut ACOs share common features, but there are important differences

Connecticut's ACOs are relatively new; the oldest started in 2013. All the ACOs that responded to our survey include multi-specialty, hospital and behavioral health care within the network; none include oral health. Most ACOs participate in both Medicare and commercial plans. All have upside-only shared savings contracts, sharing in potential savings. None have two-sided risk contracts which would allow them to benefit if there are savings, but making them liable for losses as well. None currently have Medicaid contracts but most are considering it, depending on how Connecticut's developing program is structured. They also generally agree on the goals of their ACO -- prioritizing patient care coordination, quality improvement, population health, and expanding delivery reforms. Using multiple methods, main population health priorities for ACOs in our state include diabetes and heart disease, mirroring state priorities.

Only a minority of Connecticut's ACOs is exploring certification as an ACO by NCQA or another national accrediting body. This is concerning as ACOs exert a great deal of control over how care is delivered to their members and the state does not regulate ACOs. National accreditation has served a critical purpose in other reforms -- identifying gaps, improving quality, avoiding problems, and ensuring that we are getting value for our spending.

Question - What does the future hold for ACOs?
Answer - Expensive infrastructure with possibility of no ROI [return on investment]

Also troubling is the finding that many ACOs are considering entering the health insurance business or pursuing insurance company investors. While this is understandable -- they are working hard to generate the savings they share with insurers -- it would consolidate consumers' health care delivery, decision making, and information sharing with payment. In the event of lackluster savings performance, this could create strong incentives to deny necessary care. Unlike in the past, consumers will have no one to appeal to for the care they need. As providers are a key information source, consumers may not even learn about all their options for care.

As ACOs take more responsibility and control over Connecticut residents' health and spending, certification and regulation will be vital to protect consumers and avoid the mistakes of the past.

Connecticut ACOs have made modest gains so far

Most ACO leaders report that they have demonstrated quality improvement across metrics, however savings have been modest. This follows the national trend but is concerning. ACOs must rely on shared savings payments to support investments critical to the success of the model, such as care coordination and data analytics. ACOs identified funding, data and technology as their greatest challenges.

Connecticut ACOs are tentative in their predictions for the future

Most leaders of these networks believe ACOs will be a part of Connecticut's future landscape, but several expressed doubts. Most are not certain that ACOs will achieve the goals of the Triple Aim -- improving health, better patient experience of care, and controlling costs. Echoing challenges cited they are concerned that they will not recover their investments.

While this isn't surprising, it is important. Policymakers and payers have placed very high expectations on ACOs, and the leaders are feeling that pressure. They called for patience and have learned that to succeed, they cannot move too fast.

ACOs are facing serious challenges, have learned lessons but need help

Asked about the biggest challenges they have encountered, ACO leaders cite data challenges – getting timely clear information on quality and utilization, funding – infrastructure costs, bars to earning savings, and technology limitations.

But they have learned lessons including the importance of patience – taking one step at a time, data lessons, provider lessons – the need to fully engage providers, and financial lessons – an ACO is an expensive endeavor.

Asked what payers and the state could do to support them, ACOs asked for funding – advanced payment models and upfront infrastructure support, data support – faster, better data sharing, and technology – implement a statewide health information exchange to connect practices and ACOs with real time patient data.

What should policymakers take from the survey?

ACOs are growing in Connecticut but the future is uncertain

ACO leaders are committed but not certain they will succeed in improving the quality of care, improving access, and controlling costs. Results so far are mixed.

Savings are modest; ACOs will not solve rising health costs alone

Financial stresses are cited as one of the biggest challenges facing ACOs. Insecurity in achieving shared savings could jeopardize their ability to make the investments necessary to ensure the model is successful. This could lead to consumers being denied necessary care, as ACOs feel increasing financial pressure to cover their costs.

Crucial ACO support should be coupled with standards and protections

To achieve their goals, ACOs need assistance – data, technology and funding. But as ACOs expand to more patients and providers, and are considering incorporating insurance businesses, the risks to consumers and taxpayers rise. The state must couple support for the networks with standards and monitoring. Risks include rising prices due to market consolidation, the conflicting interests of combining insurance and health delivery functions, and the impact on patient care options. The state should create standards for ACOs including national certification for quality, and risk-bearing standards for ACOs taking an insurance role. The state should study available consumer protection resources to ensure capacity and ability to address the risks facing consumers in this new, consolidated environment. And the state needs to implement policies that prevent incentives in the shared savings model to underserve as well as monitoring systems to detect and correct them if they happen.³

³ [Report of the Equity and Access Council Regarding Safeguards Against Under-Service and Patient Selection in the Context of Shared Savings Payment Arrangements](#), SIM, June 25, 2015.