DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Room 352-G
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Office of Communications

Pioneer Accountable Care Organization (ACO) Model Program
Frequently Asked Questions

What is an ACO?

Accountable Care Organizations (ACOs) are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care to the Medicare patients they serve. Coordinated care helps ensure that patients, especially the chronically ill, get the right care at the right time, with the goal of avoiding unnecessary duplication of services and preventing medical errors. When an ACO succeeds in both delivering high-quality care and spending health care dollars more wisely, it will share in the savings it achieves for the Medicare program.

What is the Pioneer ACO Model?

The Pioneer ACO Model is an initiative launched by the Centers for Medicare & Medicaid Services (CMS) Innovation Center that is designed 1) to show how particular ACO payment arrangements can best improve care and generating savings for Medicare; and 2) to test alternative program designs to inform future rulemaking for the Medicare Shared Savings Program. Designed for organizations with experience operating as ACOs or in similar arrangements, the Pioneer Model will provide ACOs successful in achieving shared savings in the first two years the opportunity to move into a population-based payment in year three. The Pioneer Model will also require participating ACOs to engage in similar arrangements with commercial and other payers.

The Pioneer ACO Model is separate and distinct from the Medicare Shared Savings Program and other ACO initiatives.

When does the Pioneer ACO Model begin? When does it end? How many ACOs are participating?

The first performance period of the Pioneer ACO Model is set to begin January 1, 2012. The initial agreement lasts for three years. CMS and ACOs then have the option of extending this agreement for an additional two years based on the performance of the ACO and the ACOs preference.

In December 2011, CMS signed agreements with 32 organizations to participate in the Pioneer ACO Model.

How is the Pioneer ACO Model different from the Shared Savings Program? How is it different from the Advance Payment Model?

The Pioneer ACO Model differs from the Medicare Shared Savings Program in the following ways, among others:

- The first two years of the core Pioneer ACO Model are a shared savings payment arrangement with higher levels of savings and risk than in the Shared Savings Program.
- Starting in year three of the initiative, those organizations that have shown a certain minimum amount of savings over the first two years will be eligible to make a transition away from fee-for-service payment to population-based payment and full risk arrangements that can continue through optional years four and five.
- Pioneer ACOs are required to negotiate similar outcomes-based payment arrangements with other payers by the end of the second year, and fully commit their business and care models to offering seamless, high quality care.
- Pioneer ACOs must generally be responsible for the care of at least 15,000 aligned beneficiaries (5,000 for rural ACOs)

The Advance Payment Model is an initiative available only to ACOs participating in the Medicare Shared Savings Program. The Advance Payment ACO Model will provide additional support to physician-owned and rural providers participating in the Shared Savings Program who would benefit from additional start-up resources to build the necessary infrastructure, such as new staff or information technology systems.

Can an ACO participate in both the Shared Savings Program and the Pioneer ACO Model?

No. ACOs participating in the Pioneer ACO Model will not be permitted to participate in the Shared Savings Program.

How will payments to the Pioneer ACO work? What are population-based payments?
For the first two years of the Pioneer ACO Model, ACOs will follow a "shared savings and losses" model, under which they will share savings or losses experienced by Medicare for a specific set of beneficiaries. To track the savings to Medicare, the Innovation Center will develop an expenditure "benchmark" for the beneficiaries aligned to the ACO. This benchmark will be adjusted based on a combination of the average growth percentage for a reference population and the absolute dollar growth for that reference population. Participating ACOs will be rewarded with a portion of the savings or held accountable for a portion of the losses relative to this benchmark. The per capita expenditure would have to exceed a threshold of at least one 1 percent to trigger savings or losses.

In year three, Pioneer ACOs that have met program requirements will be able to transition into a population-based payment arrangement. Population-based payment is a per-beneficiary per month payment amount intended to replace a significant portion of the ACO's fee-for-service (FFS) payments with a prospective payments. This new arrangement provides flexibility for participating ACO to utilize services not normally reimbursable under Medicare (such as phone consultations or telehealth services.)

How will beneficiaries be affected by the Pioneer ACO Model?
Any patient who has multiple doctors probably understands the frustration of fragmented and disconnected care: lost or unavailable medical charts, duplicated medical procedures, or having to share the same information over and over with different doctors.

Accountable Care Organizations are designed to lift this burden from patients, while improving the partnership between patients and doctors in making health care decisions. Medicare beneficiaries will have better control over their health care, and their doctors can provide better care because they will have better information about their patients' medical history and can communicate more readily with a patient's other doctors.

Are beneficiaries required to participate in the Pioneer ACO Model?
A beneficiary aligned to an ACO maintains complete freedom to visit any healthcare provider accepting Medicare, just as all Medicare beneficiaries participating in original, fee-for-service Medicare do. These beneficiaries do not need a referral to see a specialist outside the ACO. Unlike a managed care arrangement, like an HMO or a Medicare Advantage plan, a beneficiary aligned to an ACO is free to see any healthcare provider accepting Medicare at any time.

Under the Pioneer ACO Model primary care providers and other healthcare providers make the decision to participate in ACOs, meaning a beneficiary will not need to take proactive action to receive the benefits offered through an ACO. A beneficiary does not need to enroll in an ACO. ACOs, and their participating doctors and hospitals, are required to notify beneficiaries of their participation, ensuring the beneficiary is aware of the new arrangement, and his or her rights described in this document.

However, if a beneficiary is not initially aligned with a Pioneer ACO but wishes to receive the enhanced care coordination benefits that the ACO provides, that beneficiary can attest to who their primary provider is, and if that provider is a member of the ACO, then the beneficiary will automatically be aligned with the ACO.

How did CMS select the ACOs participating in the Pioneer ACO Model?

CMS conducted a competitive application process to select the participants in the Pioneer ACO Model. CMS released a Request for Applications (RFA) in May 2011 that detailed selection criteria. Applicants were required to submit both a Letter of Intent and Application. Applications were reviewed by a panel of experts from the Department of Health and Human Services as well as from external organizations, with expertise in the areas of provider payment policy, care improvement and coordination, primary care, and care of vulnerable populations. These panels assessed the applications based on the criteria detailed in the RFA. Applicants with the highest scores were invited to participate in interviews with Innovation Center leadership. Based on these interviews, CMS chose a pool of finalists. The Pioneer ACOs announced in December 2011 are the finalists choosing to sign a participation agreement with CMS.

How many applications did CMS receive for the Pioneer ACO Model?

CMS was pleased by the response from the healthcare industry on the Pioneer Model. In total, CMS received over 160 Letters of Intent and more than 80 Applications to the Pioneer ACO Model.