

Q: What are ACOs?

A: ACOs are Accountable Care Organizations, a designation established by recently passed health care reform legislation to encourage greater coordination of care under Medicare. An ACO is a collection of physicians who join together to coordinate care, share clinical information and report on quality measures.

Q: Why create an ACO?

A: ACOs that meet spending benchmarks will receive bonus payments. These payments will be based on the percent of Medicare Part A hospital savings and Part B physician savings in the community served by the ACO. The idea behind the policy is that greater coordination will improve quality of care, prevent costly hospital visits and ultimately produce a more cost-effective health care system.

Q: What is allowed to be an ACO?

A: ACOs can be networks of individual physician practices, such as solo and small group physicians; an Independent Provider Association (IPA) or a large medical group; or a fully integrated physician-hospital system, but an ACO does not have to involve a hospital. Most IPAs, medical groups and physician organizations would qualify as ACOs as they currently exist.

Q: How do you set up an ACO?

A: That is still to be determined. The health care reform bill only provides general terms for the creation of ACOs. Before ACOs are actually implemented, the Centers for Medicare and Medicaid Services (CMS) will issue detailed regulatory guidelines.

Q: How will physician payments under Medicare work with an ACO?

A: Physicians in an ACO will be paid for services provided to their Medicare patients under the traditional Medicare fee-for-service program. An ACO that meets spending benchmarks and other requirements, such as sharing information through electronic health records and reporting on quality measures, will be eligible for additional bonus payments.

Q: How will ACO spending benchmarks be determined?

A: CMS will take the last three years of Medicare expenditures for the patients served by the ACO and adjust the benchmark based on risk for the patient population, growth in national per-capita expenditures and many other factors.

Q: How will patients be assigned to an ACO?

A: CMS will assign Medicare patients to an ACO based on the physician(s) that have historically provided primary care services to that patient. ACOs must have at least 5,000 Medicare beneficiaries assigned to it in order to participate.

Q: What's next?

A: The law requires CMS to implement ACOs no later than January 2, 2012. We expect more details from the federal government in coming months.

Q: Where can I get more information about ACOs?

A: CMA will be providing regular updates, as regulations take shape, and offer members legal and administrative guidance on how to set up and qualify as an ACO. Sign up at legalinfo@cmanet.org