



Accountable Care Organizations

What is an ACO?

Simply stated, an accountable care organization (ACO) is a group of health care providers who agree to share responsibility for the quality, cost, and coordination of care for a defined population of patients.

- An ACO can be nearly any combination of group practices, networks of practices, hospitals, hospitals employing other providers, hospital-physician joint ventures, etc., as long as it is legally capable of receiving and distributing payments.
- An ACO works with one or more payers (most commonly Medicare) to achieve the triple aim of improving population health, improving patients' experiences of care, and reducing the total cost of care.
- If an ACO saves money for the payer without compromising quality, it shares in the savings. Some contracts specify that if an ACO costs the payer more, it shares in the loss.
- A successful ACO is composed of empowered primary care physicians who have the resources, data, and leadership to coordinate and manage care for patients across the entire community. Family physicians and other primary care providers are the most important element in any ACO.

The ACO health care model is part of the 2009 Patient Protection and Affordable Care Act (PPACA), and payers hope that ACOs will save money while improving quality. Consequently, ACOs are likely to be an important part of the future for all family physicians. More than 400 ACOs have been started or announced to date, and still more are on the way.

Are there different kinds of ACOs?

Of the ACOs currently formed or forming, approximately 260 are participating in the Medicare Shared Savings Program (MSSP), as established in the PPACA. The rest are commercial ACOs developed in partnership with one or more third-party payers. Since ACOs that participate in the MSSP must adhere to its rules (<http://www.aafp.org/practice-management/payment/acos/medicare-acos.html>), they share a number of characteristics. Commercial ACOs, however, may be paid in a variety of ways and emphasize quality to different degrees. Therefore, fully investigate any ACO you are considering joining, particularly commercial ACOs.

Should I join an ACO?

Joining an ACO can help you improve the efficiency of your practice, the quality of the care you deliver, and the satisfaction of your patients. Joining may also help your practice stay healthy, since ACO resources such as IT support and process-redesign expertise can be shared among ACO members. It is also a way to keep your practice up to date. Health care in the United States is moving toward a system that rewards value and efficiency. ACOs are intended as a step in that direction.

Even if you choose not to join an ACO, it is important to recognize that continually increasing quality, efficiency, and patient engagement are the keys to future success. That is one reason the patient-centered medical home (PCMH) is held up as a model for family medicine practices. It involves team care, care coordination, and well-implemented health information technology, all of which will be rewarded in the new payment environment. PCMHs can be thought of as the houses that make up



(<http://www.aafp.org/practice-management/payment/acos.html>)

Read the FAQ

Get the answers to your ACO questions with our FAQ.

Read the ACO FAQ

(<http://www.aafp.org/practice-management/payment/acos/faq.html>)

SEE ALSO

- **Primary Care Associations Release Joint Principles for ACOs**
(<http://www.aafp.org/news/professional-issues/20101118acojointprinciples.html>)
- **ACOs Flourishing in 2014, Study Reports**
(<http://www.aafp.org/news/practice-professional-issues/20140722acosgrow.html>) from *AAFP News*
- **After One Year, Physician-run ACO Scores Big Savings Bonus** (<http://www.aafp.org/news/practice-professional-issues/20140811palmbeachaco.html>) from *AAFP News*

RELATED LINKS

- **The Role of Independent Physicians in Accountable Care Organizations**
(<http://www.transformed.com/perspectives/index.cfm>)

Questions?

the ACO neighborhood. *PCMH* and *ACO* are both acronyms that spell change for every family physician who wants to practice for more than the short term. Physicians who rely on the fee-for-service business as usual approach are going to find it harder to succeed.

Phone: (800) 274-2237
Email: aco@aafp.org (<mailto:aco@aafp.org>)



Must I sell my practice to join an ACO?

If you do not want to sell your practice (<http://www.aafp.org/practice-management/payment/acos/sell.html>), you should be able to achieve your goals as well as those of the ACO.

How should I evaluate an ACO I'm thinking of joining?

First, you may want to work through the three decision maps presented here. Each map focuses on one area critical to ACO success:

- **Governance and Related Issues** (<http://www.aafp.org/practice-management/payment/acos/governance.html>)
- **Data Management** (<http://www.aafp.org/practice-management/payment/acos/data.html>)
- **Impacts on Your Practice** (<http://www.aafp.org/practice-management/payment/acos/impacts.html>)

In each scenario, various arms of the decision tree lead to questions you may wish to think about, research, or ask ACO management. You will find those questions in green boxes. The significance of a few of the questions may not be immediately clear, but you'll find context for them in the discussion below. Other branches end at "stop signs" labeled *Reconsider Participation*. These identify problems significant enough to consider extra caution.

Where to from here?

While several hundred ACOs are in operation or in the works, no one knows how successful they will be over the long run. Still, their potential for shared savings, improved patient care, and a better life for both you and your patients makes them worth serious consideration. If you are thinking about joining an ACO – especially if you are selling your practice to do so – learn all you can before making the leap. Talk to colleagues, and consult the AAFP, your state academy, your state medical society, and a good health care attorney.

Accountable Care Organizations -- Physician Payment

<http://www.aafp.org/practice-management/payment/acos.html>

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11400 Tomahawk Creek Parkway • Leawood, KS 66211-2680
800.274.2237 • 913.906.6000 • Fax: 913.906.6075 • contactcenter@aafp.org

