

APRIL 2018

ACO POLICY BRIEF

Transforming Care: An Introduction to Accountable Care Organizations in Massachusetts

ACOs are groups of health care providers who come together to provide **patient-centered, coordinated care**, with the goal of **improving quality and reducing costs**.

ACOs typically include **PCPs**, through which patients are attributed to the ACO.

In 2017, the Massachusetts Health Policy Commission (HPC) launched a first-in-the-nation set of statewide standards for accountable care organizations (ACOs). ACOs are groups of physicians, hospitals, and other health care providers who come together to provide patient-centered, coordinated care to their patients, with the goal of improving quality and reducing health care spending growth. The HPC certified 17 ACOs in Massachusetts that met those standards through an application process.

This brief is the first in a series of written reports and other resources that the HPC will issue regarding the landscape of certified Massachusetts ACOs based on the information submitted by applicants for ACO Certification, combined with other publicly available information. The purpose of this new series of policy briefs is to provide policymakers, health care providers, payers and purchasers, researchers, and other members of the interested public with new information and insights regarding the characteristics of certified ACOs. Topics that will be examined include how they are organized and governed, how they set and implement quality improvement strategies, their experience managing patients under risk contracts, and other key features. In providing increased transparency about the landscape of HPC-certified ACOs through this series, the HPC aims to support health care providers in their ongoing efforts to improve the quality and efficiency of patient care, support the formulation of sound policy that further bolsters those endeavors, and generally contribute to public understanding of the evolving care delivery system in Massachusetts.

This first brief provides background information on the ACO model in Massachusetts and

the HPC ACO Certification program, and some key facts about the certified ACOs, which will be explored in greater detail in subsequent briefs.¹

THE ACO MODEL IN MASSACHUSETTS

While HPC ACO Certification is a new program, providers and payers both in Massachusetts and nationally have been testing and evolving various accountable care delivery and contracting approaches over the past decade. The term “ACO” is generally used to mean a group of health care providers that contracts with a payer to assume responsibility for the delivery of care to its attributed patients, and for those patients’ health outcomes.^{2,3} ACOs contract with payers under payment models other than fee-for-service (so-called “alternative payment methods,” or APMs), in which the ACO is typically accountable for spending against a budget and may earn financial incentives for meeting agreed-upon quality performance targets. Contracts with “shared savings” or “upside risk” allow an ACO to share in any cost savings generated. In contracts with “downside” or “two-sided” risk, an ACO is responsible for paying some share of losses, depending on quality targets, if it fails to meet a budget.

The types of providers participating in an ACO can vary widely from one ACO to the next. ACOs typically include primary care providers (PCPs), through which patients



The Centers for Medicare and Medicaid Services (CMS) has offered **Medicare ACO contracts** since 2012.

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are attributed to the ACO.^{4,5} They may also include hospitals, specialists, behavioral health providers, providers of long-term services and supports (LTSS), and other types of providers. In order to meet their quality and cost targets and provide comprehensive care to patients, ACOs may work to coordinate care for attributed patients across the continuum of a patient's needs. This may include working with other providers that are outside the ACO.

At the federal level, the Centers for Medicare and Medicaid Services (CMS) has offered Medicare ACO contracts since 2012. CMS's longest-running ACO program is the Medicare Shared Savings Program (MSSP), which was established under the Affordable Care Act. MSSP features both upside-only and two-sided risk participation tracks.⁶ CMS also piloted the Pioneer ACO program from 2012–2016, which offered two-sided risk at higher rates than the MSSP program.⁷ In 2016, CMS launched the Next Generation ACO program for providers with experience successfully managing risk contracts and coordinating patient care.⁸ Currently in Massachusetts, there are seven Next Generation ACOs⁹ and 15 MSSP contracts that include Massachusetts as a service area.¹⁰

Many Massachusetts commercial payers also have performance-based risk contracting arrangements with provider groups. One of the first commercial ACO contracts in Massachusetts was the Blue Cross Blue Shield of Massachusetts (BCBSMA) Alternative Quality Contract (AQC), established in 2009.¹¹ This program has had widespread adoption in the state; in 2015, 86 percent of BCBSMA HMO members were covered by APMs.¹² Other commercial health plans have also advanced the use of APM contracts in recent years. Three of the six largest Massachusetts-based commercial payers – BCBSMA, Harvard Pilgrim Health Care (HPHC), and Health New England (HNE) – met the HPC's target of covering 60 percent of HMO members in global-budget payment models as of 2015.¹³

In 2018, MassHealth began delivering services through ACOs for the first time under five-year contracts that are expected to cover between 800,000 and 850,000 of MassHealth's 1.9

million members state-wide. Under this new program, some ACOs contract directly with MassHealth in the "Primary Care ACO" (or Model B) approach, leveraging the network and administrative resources of the MassHealth Primary Care Clinician (PCC) plan. Other ACOs participate in the program via contracts with MassHealth managed care organizations (MCOs)—either with just one MCO in an exclusive partnership (the "Accountable Care Partnership Plan" or Model A), or with multiple MCOs (the "MCO-Administered" or Model C). All of the models feature two-sided risk and hold ACOs accountable for performance on a slate of quality measures.¹⁴ Details about the MassHealth ACO program and models are available at www.mass.gov/masshealth-innovations; information for members is available at masshealthchoices.com.

THE HPC ACO CERTIFICATION PROGRAM

The HPC ACO Certification program was developed pursuant to the state's landmark health care cost containment law, Chapter 224 of the Acts of 2012, which requires the HPC to "establish a process for certain registered provider organizations to be certified as accountable care organizations."¹⁵ This program aims to complement existing local and national care delivery transformation efforts by setting state-wide standards that encourage the provision of value-based, high-quality, and cost-effective care for all of the ACO's patients under risk contracts. The program defines core competencies that are relevant to any ACO patient population in a framework applicable to a range of provider organizations, from those with substantial experience in value-based care delivery to those newly transitioning to accountable care.

In seeking to define a common set of ACO standards across payers that would be broadly applicable and reflect a shared vision for patient-centered accountable care in Massachusetts, the HPC drew from the commercial and Medicare models and consulted extensively with MassHealth and other stakeholders. In April 2016, the HPC established the six criteria for evaluating applicants for ACO Certifica-

The six HPC “Assessment Criteria” layer key expectations for ACO operations and governance on top of the **core foundation** of patient-centered primary care.
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tion in the first year of the program. These six “Assessment Criteria” layer several key expectations for ACO operations and governance on top of the core foundation of patient-centered primary care, and within the framework of performance-based risk contracting. These key expectations are: that ACO provider participants and patients have a meaningful role in the governance of the ACO; that the ACO governing body monitors quality performance and sets performance improvement goals; that the ACO routinely stratifies its patient population by risk factors and develops population health management programs to address identified needs; and that the ACO coordinates with other providers to deliver cross-continuum care (refer to “What is an HPC-Certified ACO?” p. 5). The HPC required applicants to submit

documentation demonstrating how they met each of the Assessment Criteria requirements.

In order to gain information about additional ACO competencies that may be incorporated into Assessment Criteria in the future, the HPC also established a set of mandatory “Supplemental Information” questions for applicants. For example, applicants are asked about serious illness care policies, distribution of shared savings within the ACO, and advancement in health information technology (HIT) capabilities. Applicants’ responses to those questions were not evaluated by the HPC but were reviewed for completeness. For full details about the application requirements, refer to the [Application Requirements and Platform User Guide \(PUG\)](#), released in March 2017.

HPC ACO CERTIFICATION PROGRAM	
PRE-REQUISITES	
4 PRE-REQUISITES Attestation only	Risk-bearing provider organization (RBPO) certificate, if applicable
	Any required Material Change Notices (MCNs) filed
	Anti-trust laws
	Patient protection
1. ASSESSMENT CRITERIA	
6 CRITERIA Sample documents, narrative descriptions	Patient-centered, accountable governance structure
	Participation in quality-based risk contracts
	Population health management programs
	Cross-continuum care: coordination with behavioral health, hospital, specialist, and long-term care services
2. REQUIRED SUPPLEMENTAL INFORMATION	
9 CRITERIA Narrative or data not evaluated by HPC but must respond	Supports patient-centered primary care
	Assesses needs and preferences of ACO patient population
	Develops community-based health programs
	Supports patient-centered advanced illness care
	Performs quality, financial analytics and shares with providers
	Evaluates and seeks to improve patient experiences of care
	Distributes shared savings or deficit in a transparent manner
	Commits to advanced health information technology (HIT) integration and adoption
	Commits to consumer price transparency

In December 2017, the HPC announced the certification of **17** Massachusetts ACOs.

Provider organizations submitted applications to the HPC by October 1, 2017. The HPC reviewed each application to determine if the requirements of the Assessment Criteria were met and complete responses to the Supplemental Information questions were submitted. In December 2017, the HPC announced the certification of 17 Massachusetts ACOs. With the exception of two ACOs whose provisional certification must be renewed by January 1, 2019,¹⁶ certification is effective for a term of two years.

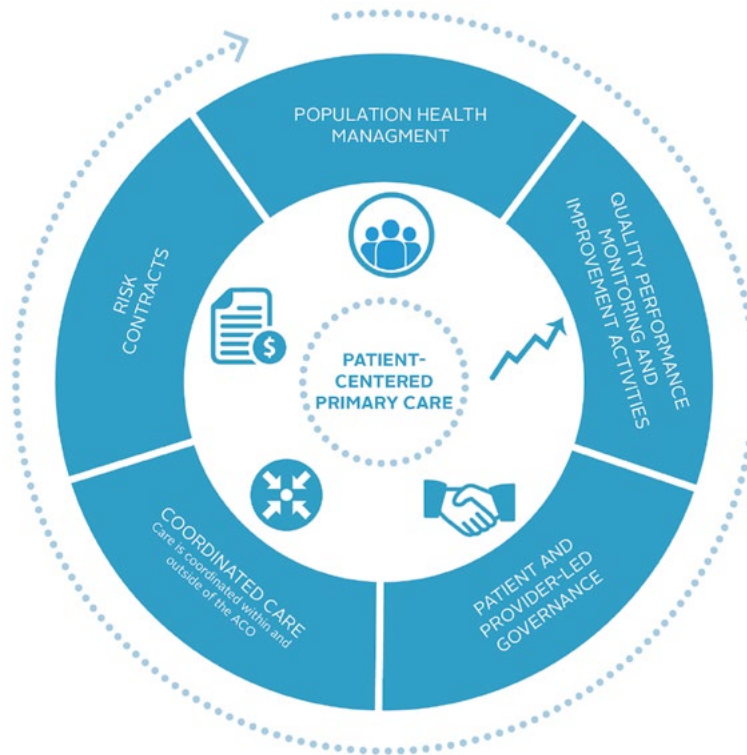
HPC-CERTIFIED ACOs: WHO THEY ARE

The following organizations met the requirements of HPC ACO Certification in 2017:

The 17 ACOs that applied for and achieved ACO Certification in 2017 include all of the ACOs that are participating in the new MassHealth ACO program. Many of these organizations also have risk contracts with commercial payers and Medicare. Some have established separate legal entities within their corporate organization to manage different risk contracts with different payers. For the purposes of ACO Certification, the “Applicant” is the health care provider or provider organization that has common ownership or control of any such separately contracting entities that hold risk contracts. The individual contracting entities with unique governing bodies within the Applicant are called “Component ACOs.” Certification was granted at the Applicant level, inclusive of Component ACOs. This all-payer

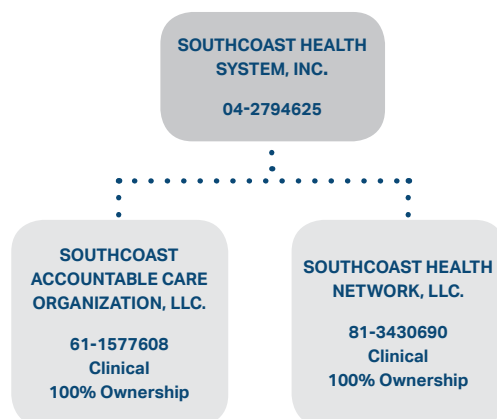
HPC-CERTIFIED ACCOUNTABLE CARE ORGANIZATIONS
Atrius Health, Inc.
Baycare Health Partners, Inc., inclusive of Pioneer Valley Accountable Care, LLC; and Baystate Health Care Alliance, LLC
Beth Israel Deaconess Physician Organization, LLC (Beth Israel Deaconess Care Organization)
Boston Accountable Care Organization, Inc.
Cambridge Public Health Commission D/B/A Cambridge Health Alliance
Children’s Medical Center Corporation, inclusive of Children’s Hospital Integrated Care Organization, LLC; and Boston Children’s Health Accountable Care Organization (Boston Children’s Accountable Care Organization)
Community Care Cooperative, Inc.
Health Collaborative of the Berkshires, LLC
Lahey Health System, Inc., inclusive of Lahey Clinical Performance Network, LLC; and Lahey Clinical Performance Accountable Care Organization, LLC
Merrimack Valley Accountable Care Organization, LLC
The Mercy Hospital, Inc., inclusive of Mercy Health Accountable Care Organization, LLC; and Riverbend Medical Group, Inc.
Partners HealthCare System, Inc., inclusive of Partners HealthCare Accountable Care Organization, LLC
Reliant Medical Group, Inc., inclusive of Fallon 365 Care
Signature Healthcare Corporation D/B/A Signature Healthcare
Southcoast Health System, Inc., inclusive of Southcoast Accountable Care Organization, LLC; and Southcoast Health Network, LLC
Steward Health Care Network, Inc., inclusive of Steward Integrated Care Network, Inc.; and Steward Medicaid Care Network, Inc.
Wellforce, Inc., inclusive of Wellforce Care Plan, LLC; Lowell General Hospital/Lowell General Physician Hospital Organization; Circle Health Alliance, LLC; New England Quality Care Alliance, Inc.; and NEQCA Accountable Care, Inc.

What is an HPC-Certified ACO?



approach ensures that certified ACOs meet the requirements for all of their patients under risk contracts.

The concept of Applicant and Component ACOs is illustrated in the example below, showing the organizational chart for Southcoast Health System, Inc. Southcoast Health System is the Applicant for ACO Certification, inclusive of two Component ACOs: Southcoast Health Network, LLC. (SHN), which manages commercial and MassHealth ACO contracts; and Southcoast Accountable Care Organization, LLC. (SACO), which manages the MSSP contract.



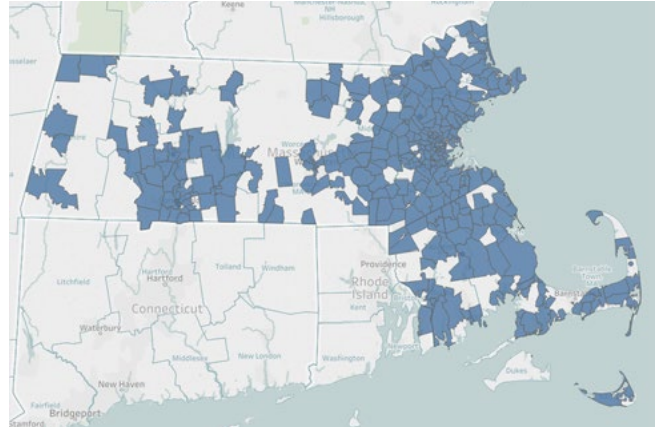
Source: Health Policy Commission, Registration of Provider Organizations, 2017

A few summary facts about the certified ACOs:

- **Approximately 1.9 million commercial or Medicare patients in Massachusetts are served by HPC-certified ACOs.** Additionally, MassHealth has stated that 800,000 to 850,000 lives are served by these ACOs, bringing the total number of patient to nearly 3 million Massachusetts residents.
- **The 17 HPC-certified ACOs have a total of 66 commercial risk contracts, 17 MassHealth risk contracts, and 11 Medicare risk contracts.** Most ACO commercial risk contracts are for HMO products, where patient attribution is accomplished through a member making a PCP designation. Only five of the 17 ACOs have a commercial risk contract for PPO products, which require an alternative attribution model. The commercial payers with whom the certified ACOs have risk contracts are:
 - Blue Cross Blue Shield of Massachusetts
 - Cigna
 - Harvard Pilgrim Health Care
 - Health New England
 - Neighborhood Health Plan
 - Tufts Health Plan
 - Unicare

- The 17 HPC-certified ACOs represent the majority of the health care provider systems in Massachusetts that hold risk contracts across every major geographical region in the state. The map below illustrates the practicing zip codes of the PCPs affiliated with the health care provider systems that include HPC-certified ACOs. This indicates areas of the state where there may be PCPs providing care to members within an HPC-certified ACO.

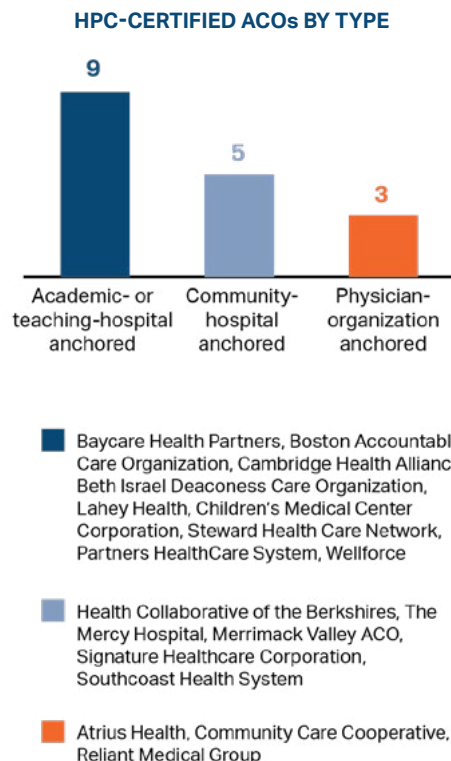
ZIP CODES OF PRACTICING PCPs AFFILIATED WITH PROVIDER ORGANIZATIONS THAT INCLUDE HPC-CERTIFIED ACOs



Note: Not all PCPs affiliated with a registered provider organization may participate in that organization's risk contracts.

Source: HPC Registration of Provider Organizations 2017, Physician Roster file

- Over 80% of ACOs include a hospital, with a majority of ACOs led by an academic medical center or teaching hospital. There is variability within this group as to the type(s) of hospitals included (e.g., community, teaching). Building on hospital categories utilized by the Center for Health Information and Analysis,¹⁷ the 17 ACOs may be grouped as follows:



CONCLUSION

The HPC ACO Certification program provides a framework for advancing characteristics and capabilities of ACOs to provide high-quality care for individuals and populations, while increasing efficiencies and lowering costs.

In the program's first year, the HPC has focused on providing structure, gaining knowledge, and increasing transparency of current ACO capabilities. The HPC's series of briefs will highlight key facets of ACOs illuminated through certification. The next brief will describe how ACOs manage population health, with a particular focus on programming to address behavioral health and social determinants of health. In addition, the HPC will release a set of 17 one-page HPC-certified ACO profiles that describe elements of the ACOs and the larger care delivery systems within which they operate.

The HPC welcomes questions and feedback on this brief and on the plans for future reporting on the ACO Certification program. Please contact us at HPC-Certification@state.ma.us.

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The Massachusetts Health Policy Commission, an independent state agency, strives to advance a more transparent, accountable, and innovative health care system through its independent policy leadership and investment programs.

For more information about the HPC, please visit our website www.mass.gov/hpc

ENDNOTES

- 1 Much of the information submitted to the HPC for the purposes of ACO Certification is confidential and protected from public disclosure pursuant to M.G.L. c. 6D, § 2A. The HPC will therefore report on ACOs' submissions of confidential information in summary form, except for sections of applications where ACOs consented to public reporting by the HPC. This framework is explained fully on pages 10-12 of the HPC ACO Application Requirements and Platform User Guide (PUG), available from: <https://www.mass.gov/files/documents/2017/08/zo/aco-certification-pug-june-2017-final.pdf>.
- 2 Medicaid Delivery System and Payment Reform: A Guide to Key Terms and Concepts [Internet]. Kaiser Family Foundation; 2015 Jun 22. Available from: <http://www.kff.org/medicaid/fact-sheet/medicaid-delivery-system-and-payment-reform-a-guide-to-key-terms-and-concepts/>
- 3 Payment and Delivery System Reform in Medicare: a Primer on Medical Homes, Accountable Care Organizations, and Bundled Payments [Internet]. Kaiser Family Foundation; 2016 Nov 17. Available from: <http://www.kff.org/report-section/payment-and-delivery-system-reform-in-medicare-report/>
- 4 Song Z, et al. Changes in health care spending and quality 4 years into global payment. 2014. N Engl J Med. 2014; 371:1704-14
- 5 McClellan M, et al. A national strategy to put accountable care into practice. 2010. [Internet]. N Engl J Med. 2010. Available from: <https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2010.0194>
- 6 Medicare Shared Savings Program [Internet]. Washington, DC: National Association of ACOs. Available from: <https://www.naacos.com/mssp>
- 7 Centers for Medicare and Medicaid Services. Pioneer ACO Model [Internet]. Baltimore (MD): CMS. Available from: <https://innovation.cms.gov/initiatives/Pioneer-ACO-Model/>
- 8 Next Generation accountable care organization model (Next Generation ACO model) fact sheet [Internet]. Centers for Medicare and Medicaid Services. Available from: <https://innovation.cms.gov/Files/fact-sheet/nextgenaco-fs.pdf>
- 9 Next Generation ACO models data sheet [Internet]. Centers for Medicare and Medicaid Services. Available from: <https://data.cms.gov/Special-Programs-Initiatives-Speed-Adoption-of-Bes/Next-Generation-ACO-Models/tn2j-iqcf>
- 10 Performance year 2018 Medicare Shared Savings Program accountable care organizations data sheet [Internet]. Centers for Medicare and Medicaid Services. Available from: <https://data.cms.gov/Special-Programs-Initiatives-Medicare-Shared-Savin/Performance-Year-2018-Medicare-Shared-Savings-Prog/28n4-k8qs/data>
- 11 Song, Z, et al. The 'Alternative Quality Contract' in Massachusetts, based on global budgets, lowered medical spending and improved quality. Health Affairs. 2012 Aug 31. 31(8): 1885-1894.
- 12 Massachusetts Health Policy Commission. 2016 cost trends report [internet]. Available from <https://www.mass.gov/files/documents/2017/05/zx/2016%2520Cost%2520Trends%2520Report.pdf>
- 13 Massachusetts Health Policy Commission. 2016 cost trends report [internet]. Available from <https://www.mass.gov/files/documents/2017/05/zx/2016%2520Cost%2520Trends%2520Report.pdf>
- 14 MassHealth Accountable Care Organization (ACO) Models: Questions and Answers [Internet]. September 30, 2016. Available from <https://www.mass.gov/files/documents/2016/09/pn/aco-models-questions-and-answers.pdf>
- 15 M.G.L. c. 6D, §15
- 16 All ACOs seeking to participate in the new MassHealth ACO program were required by MassHealth to attain HPC ACO Certification. However, ACOs without prior risk experience in the MassHealth Pilot ACO program, a Medicare ACO contract, or the Blue Cross Blue Shield of MA Alternative Quality Contract were permitted by MassHealth to achieve only Provisional Certification, wherein they were permitted to meet a modified version of the HPC's standards. See the PUG for details. ACOs with Provisional Certification must seek and achieve full Certification by January 1, 2019, per MassHealth's requirements.
- 17 Massachusetts Hospital Profiles Technical Appendix, Data Through Fiscal Year 2016 [Internet]. Boston: Centers for Health Information and Analysis; 2018. Available from: <http://www.chiamass.gov/assets/docs/r/hospital-profiles/2016/Massachusetts-Hospital-Profiles-Technical-Appendix-FY16.pdf>