

# HPC DATAPOINTS

## HPC-Certified Accountable Care Organizations in Massachusetts

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### INTRODUCTION

Massachusetts has been a leader in promoting value-based care delivery.<sup>1</sup> Physicians, hospitals, and other health care providers in the Commonwealth have come together and formed accountable care organizations (ACOs) to more effectively advance better health and better care at lower costs. ACOs contract with commercial and/or public payers under global budget-based risk contracts (“risk contracts”) in which the ACO is typically expected to keep annual per member spending within a fixed budget. ACOs also have the opportunity to earn financial incentives for meeting quality performance targets.

In 2017, the Massachusetts Health Policy Commission (HPC) launched a first-in-the-nation set of statewide multi-payer standards for ACOs. The HPC’s ACO Certification program standards require that ACOs demonstrate capabilities in delivery of cross-continuum care, implementation of performance improvement activities and population health management programs, and participatory governance that includes patient or consumer representation.

This DataPoints issue provides key facts about the 14 ACOs that were recertified by the HPC in December 2019 (“certified ACOs”),<sup>2</sup> with a focus on their risk contracts, approaches to provider compensation, and delivery system improvement efforts. More background information about ACOs in Massachusetts can be found in other HPC publications, including the [ACO Profiles](#) and [Transforming Care Policy Briefs](#). These publications, based on data from the HPC’s ACO Certification program, aim to promote transparency and contribute to public understanding of the evolving care delivery system in Massachusetts.

This is a printable version of DataPoints. The online version features interactive graphics that show additional information, and is available on the HPC’s website at [www.mass.gov/service-details/hpc-datapoints-series](http://www.mass.gov/service-details/hpc-datapoints-series).

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### ACO CHARACTERISTICS

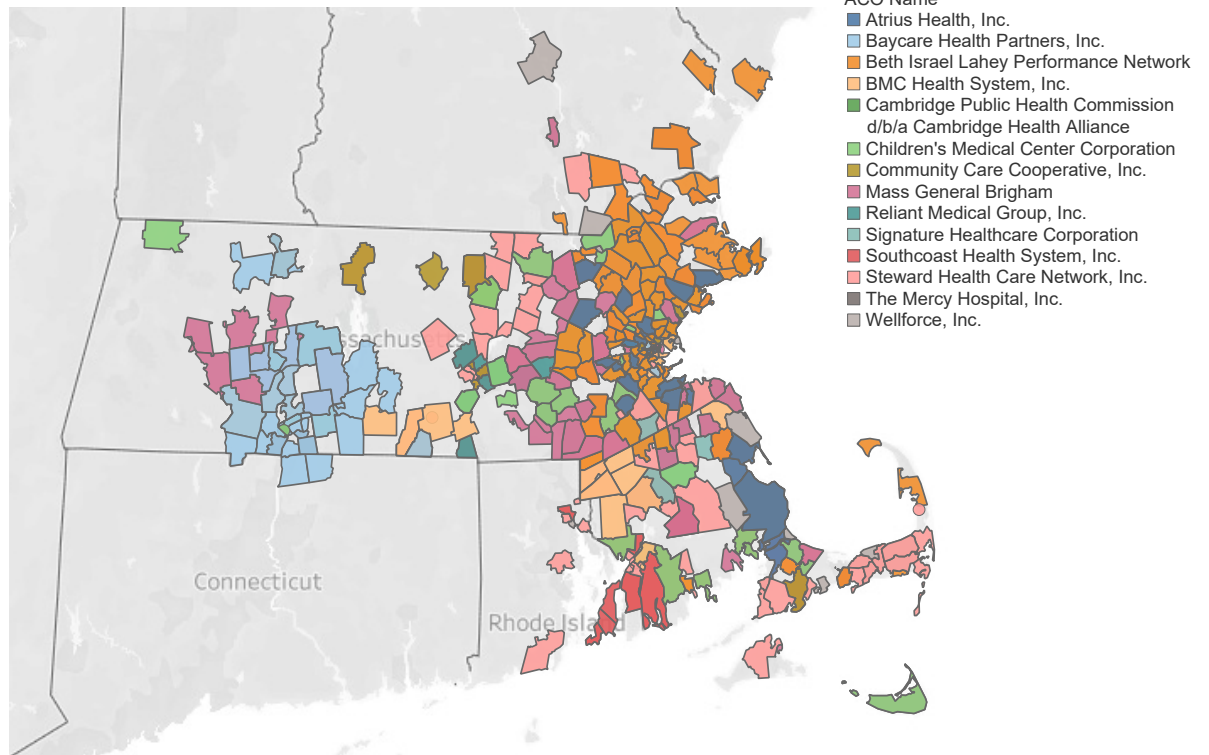
The composition, service areas, and size of the certified ACOs vary widely. Most (eight ACOs) are anchored by at least one academic medical center or teaching hospital, and three others include at least one community hospital. Three ACOs are physician organization-led with no hospital participants.<sup>3</sup>

The 14 certified ACOs collectively provide care to more than 2.8 million patients across the Commonwealth.<sup>4</sup>

The certified ACOs are also diverse in size based on number of attributed patients, from fewer than 30,000 ACO-attributed patients to more than 600,000.

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## 2019 HPC-Certified ACO Regions



Map is based on locations of ACO providers generated from the Registry of Provider Organizations database (see endnote 4). 2019 HPC-Certified ACO Covered Lives shown in the interactive version of this graphic on the HPC website.

## PAYMENT INCENTIVES

By holding ACOs accountable for the cost and quality of care provided to attributed patients, risk contracts mitigate some of the volume incentives in traditional fee-for-service contracts that can discourage innovative care delivery models. Risk contracts offer financial incentives for ACOs to contain costs, provide quality care, and find efficiencies in care delivery. ACOs, in turn, may share those incentives with participating providers through performance-based compensation and/or funds flow arrangements.

### Risk Contracts

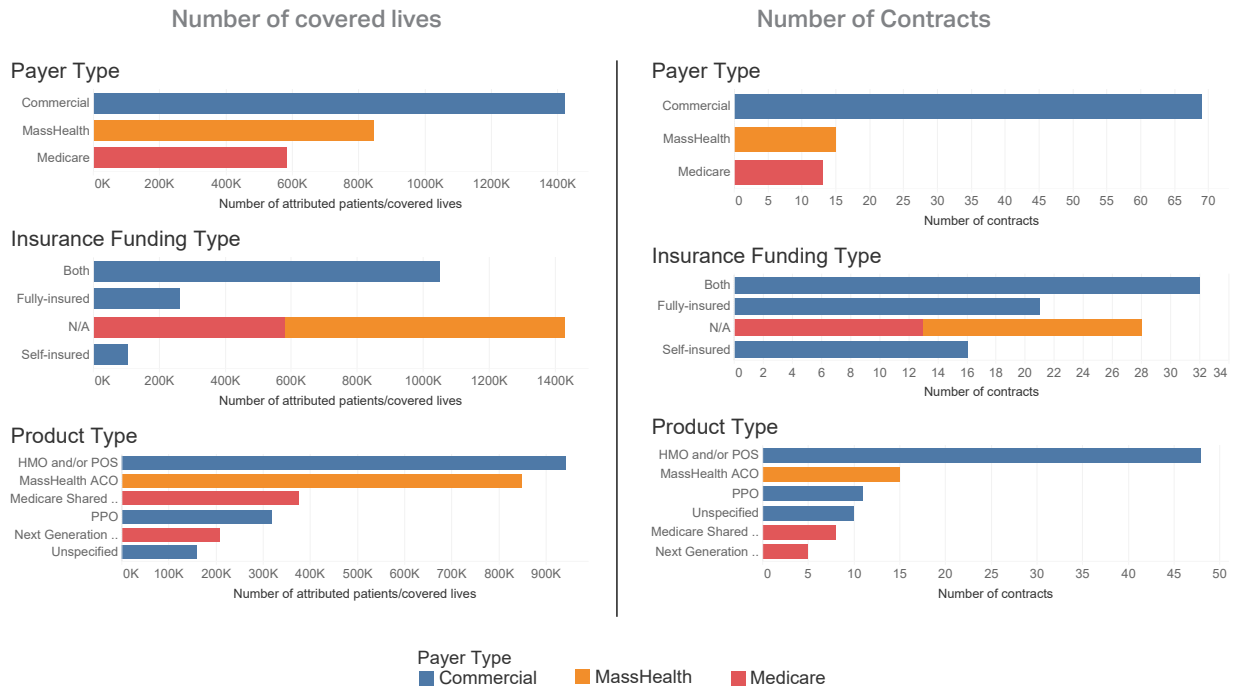
The certified ACOs collectively hold 69 distinct risk contracts with commercial payers in the Commonwealth, as well as 15 MassHealth ACO contracts and 13 Medicare risk contracts.<sup>5</sup>

Nearly 2.6 million (91%) of ACO-attributed patients fall under contracts that include downside risk, exposing providers to the financial impact of losses against their contract budgets. Commercial risk remains concentrated in health maintenance organization (HMO) products; only 11 of the commercial risk contracts held by the certified ACOs are for preferred provider organization (PPO) products.

The predominant method of payment to providers under risk contracts is fee-for-service reconciled against a budget; the overwhelming majority of certified ACO risk contracts (91 of 97) employ this methodology, with the remainder using partial or full capitation payments to providers.

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### Risk Contract Characteristics

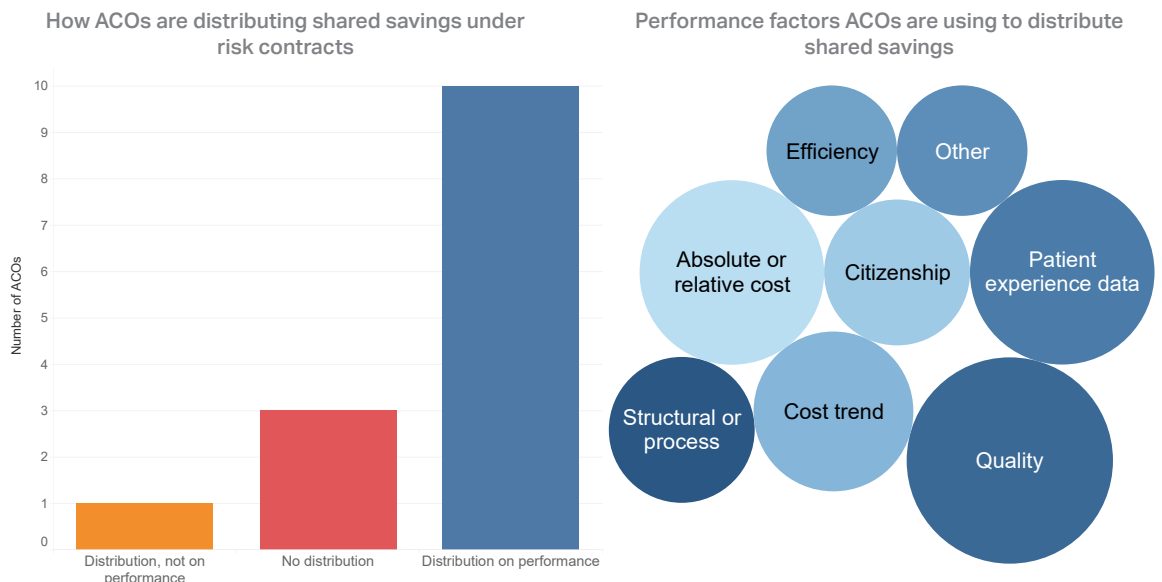


### Provider Compensation

Eleven of the 14 certified ACOs reported that they require participating provider organizations to use performance-based compensation models (seven ACOs) or otherwise incentivize participating provider organizations to use such models (four ACOs). Most, but not all, of the certified ACOs distribute shared savings—either to individual clinicians, entire practices, or larger groups of providers—based on performance in the categories shown below. A small number of ACOs reported that their clinician compensation model includes performance incentives that are not in the form of shared savings, and one ACO reported distributing shared savings, but not based on clinician performance.

ACOs that employed physicians reported estimates of the proportion of physicians’ compensation based on performance: four ACOs reported 0-5%, three ACOs reported 5-10%, four ACOs reported 10-20%, and two ACOs reported 20% or greater.

### ACO distribution of shared savings



## DELIVERY SYSTEM TRANSFORMATION AND INNOVATIONS

Risk contracts create incentives for ACOs to provide high quality care and, in order to accomplish this, ACOs may invest in primary care, behavioral health integration, and other capabilities or innovations.

### Low-Value Care

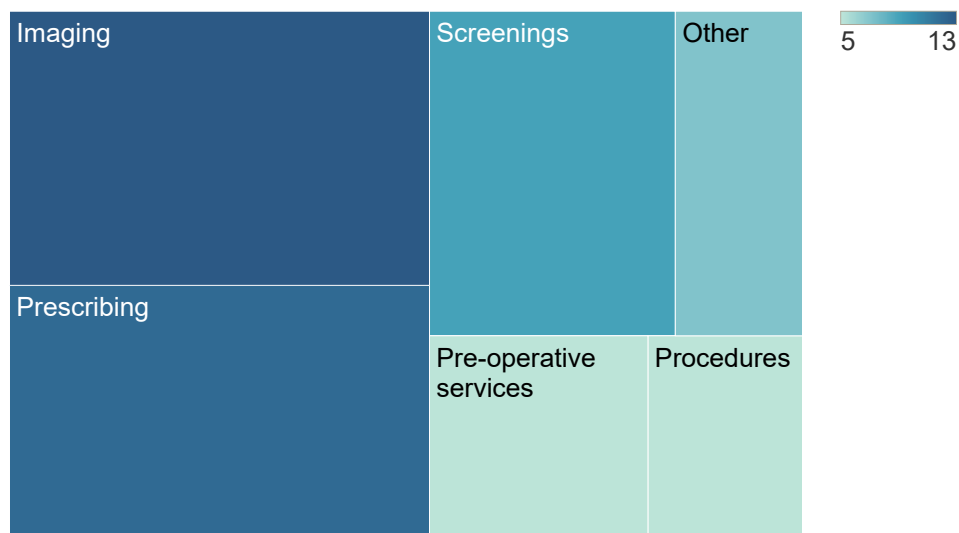
The HPC's [2018 Cost Trends Report](#) included an analysis of utilization in five areas of low-value care (see pp. 32-41) —services identified by the Choosing Wisely campaign as unnecessary and wasteful.<sup>6</sup>

Every certified ACO reported having strategies to address unnecessary utilization in at least two areas of low-value care. Imaging and prescribing were the most common priority areas, followed by screening, pre-operative services, and procedures. Other areas of low-value care being addressed by ACOs include home health service utilization, low-value emergency department visits, and prescribing lower-cost equivalent therapeutics.

The certified ACOs are pursuing a variety of approaches to reducing low-value care, including: use of variation reporting among clinicians; distribution of evidence-based guidelines and other provider education initiatives; development of clinical guidelines, algorithms and clinical decision support tools (i.e., alerts embedded in electronic health records); implementation of shared decision-making initiatives with patients; and enactment of additional documentation requirements for clinicians.

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Areas of low-value care being addressed by ACOs



Color and size show the number of ACOs addressing each area of low-value care.

### Primary Care Transformation

The certified ACOs all share a focus on building and maintaining a strong foundation in primary care. All 14 certified ACOs reported having in place a strategy for supporting advanced primary care capabilities among their primary care providers, either at the level of the ACO or the system of which the ACO is part, as shown in the graph below.

Support for advanced primary care capabilities may be in the form of direct financial support (e.g., budgeting for care management staff, or financial assistance to support NCQA PCMH recognition), infrastructure support (e.g., health information technology and data analytics, care management tools,

and quality improvement resources), and/or technical assistance (e.g., consultation on enhancing practice workflows and using electronic health records).

### Behavioral Health Integration

In addition to a strategic commitment to advanced primary care, nearly all of the certified ACOs are pursuing the integration of behavioral health services into primary care settings. Twelve of the 14 certified ACOs reported having a strategy for the integration of behavioral health services into primary care, led either by the ACO itself or the system of which the ACO is part.

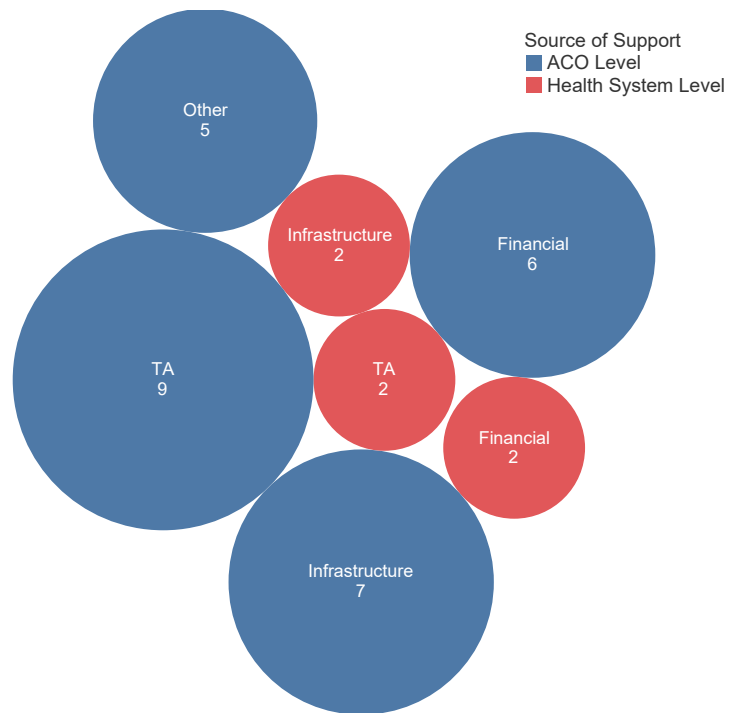
Support for behavioral health integration may be in the form of direct financial support (e.g., contracting with behavioral health providers to offer consultative services), infrastructure support (e.g., embedded behavioral health staff or social workers, or centralized programmatic assistance), and/or technical assistance (e.g., to assist with workflows, billing, and addressing questions).

### CONCLUSION

The 14 ACOs certified by the HPC in 2019 collectively serve nearly three million ACO-attributed patients across the Commonwealth. They participate in public and commercial risk contracts, the large majority of which include downside risk. Many of the ACOs also share incentives with providers through performance-based compensation or distributions. These value-based payment arrangements are facilitating delivery system innovations, including initiatives to reduce low-value care and to invest in advanced primary care capabilities and behavioral health integration. Given insights gleaned through the HPC's ACO Certification program, the ACO model continues to show promise as an important vehicle for improving care delivery in the Commonwealth.

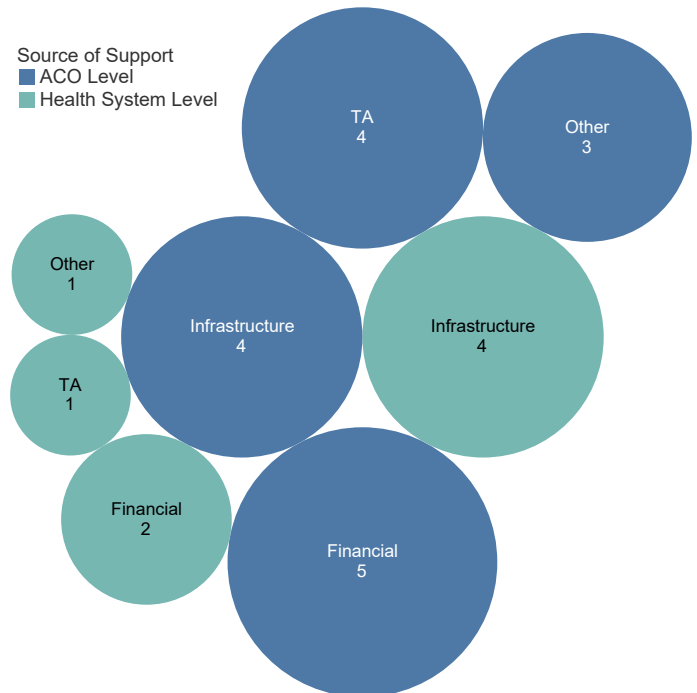
**Twelve** of the 14 certified ACOs reported having a strategy for the **integration of behavioral health services** into primary care

### ACO and health system level support for advanced primary care capabilities



Size indicates the number of ACOs that reported providing each type of support. Color indicates the source of the support (e.g., ACO or health system). Technical assistance is abbreviated as "TA".

### ACO and health system level support for behavioral health integration



Size indicates the number of ACOs that reported providing each type of support. Color indicates the source of the support (e.g., ACO or health system). Technical assistance is abbreviated as "TA".

The Massachusetts Health Policy Commission (HPC) is an independent state agency that develops policy to reduce health care cost growth and improve the quality of patient care. The HPC's mission is to advance a more transparent, accountable, and equitable health care system through its independent policy leadership and innovative investment programs.

**HPC DataPoints** is a series of online briefs that spotlight new research and data findings relevant to the HPC's mission to drive down the cost of health care. It showcases brief overviews and interactive graphics on relevant health policy topics. The analysis underlying these briefs is conducted by HPC staff. To view all HPC DataPoints, visit our [website](#).

## Endnotes

- 1 As of 2018, approximately 40.4% of commercially insured Massachusetts residents were covered under global budget-based risk contracts; 43.6% of Massachusetts Original Medicare beneficiaries had their care paid for under an alternative payment method (APM); and 67.7% of MassHealth (Massachusetts Medicaid) managed care organization (MCO) and ACO members were under an APM. See the HPC's [2019 Cost Trends Report](#) (p. 63) and the [2019 Center for Health Information and Analysis Annual Report on the Performance of the Massachusetts Health Care System](#) (p.31).
- 2 There are 17 HPC-certified ACOs in the Commonwealth, 14 of which were required to be recertified in 2019 at their end of their two-year 2017 certification term. Three additional ACOs that were first certified in 2018—Health Collaborative of the Berkshires, Merrimack Valley ACO, and Mount Auburn Cambridge Independent Practice Association—will be eligible for recertification at the end of 2020.
- 3 These classifications are used in the HPC's profiles of Certified ACOs and build on the hospital categories employed by the Center for Health Information and Analysis in its [FY 2018 Massachusetts Hospital Profiles Technical Appendix](#).
- 4 Each map shows the zip codes of the practicing providers listed in the MA-RPO Physician Roster file most recently submitted from the date of certification (either 2018 or 2019), as given by RPO-108 Primary Site of Practice Zip Code. Not all the providers identified in this map may participate in the certified ACO's risk contracts, specifically for the following ACOs: Baycare Health Partners, Beth Israel Lahey Health Performance Network, BMC Health System, Children's Medical Center Corporation, Mass General Brigham, The Mercy Hospital, Inc., Southcoast Health System, Steward Health Care Network, Wellforce, Inc.
- 5 Managed care products for Medicare beneficiaries, including Medicare Advantage and Senior Care Options, are not counted here. These Medicare risk contracts represent eight Medicare Shared Savings Program contracts and five Next Generation ACO contracts.
- 6 Wolfston D, Santa J, Slass L. Engaging physicians and consumers in conversations about treatment overuse and waste: A short history of the choosing wisely campaign. *Academic Medicine*. Jul, 2014. 89(7):990-5. Available at: [pubmed.ncbi.nlm.nih.gov/24979166](http://pubmed.ncbi.nlm.nih.gov/24979166)