

**FOR IMMEDIATE RELEASE**

Thursday, October 20, 2011

**Contact:** HHS Press Office

(202) 690-6343

## **HHS announces new incentives for providers to work together through Accountable Care Organizations when caring for people with Medicare**

*New tools help doctors and other health care providers improve quality of care*

People with Medicare will be able to benefit from a new program designed to encourage primary care doctors, specialists, hospitals, and other health care providers to coordinate their care under a final regulation issued today by the Department of Health and Human Services (HHS). Created by the Affordable Care Act, these final rules on Accountable Care Organizations add to the menu of options for providers looking to better coordinate care for patients and will make it easier for providers to deliver high quality care and use health care dollars more wisely.

The initiatives announced today are just two of [several efforts](#) made possible by the Affordable Care Act to help bring better health, better care and lower costs not just to Medicare beneficiaries, but to all Americans. For example, the Bundled Payments for Care Improvement Initiative and Comprehensive Primary Care Initiative offer alternatives to coordinate and improve health care.

“Today we have taken another step to improve health care for people with Medicare,” said HHS Secretary Kathleen Sebelius. “We are excited to give doctors, hospitals and other providers the flexibility and support they need to work together and focus on making sure patients get the care they need.”

“This model of delivering care may not be right for everyone, but it provides new incentives for doctors, hospitals, and other health care providers to work together in new ways,” said Secretary Sebelius.

The two initiatives launched today – the Medicare Shared Savings Program and the Advance Payment model – will help providers form Accountable Care Organizations and reflect the significant input provided by stakeholders as well as lessons learned by innovators in care coordination in the private sector.

- *The Medicare Shared Savings Program* will provide incentives for participating health care providers who agree to work together and become accountable for coordinating care for patients. Providers who band together through this model and who meet certain quality standards based upon, among other measures, patient outcomes and care coordination among the provider team, may share in savings they achieve for the Medicare program. The higher the quality of care providers deliver, the more shared savings the providers may keep.
- *The Advance Payment model* will provide additional support to physician-owned and rural providers participating in the Medicare Shared Savings Program who also would benefit from additional start-up resources to build the necessary infrastructure, such as new staff or information technology systems. The advanced payments would be recovered from any future shared savings achieved by the Accountable Care Organization.

“As a physician I understand the complexities of caring for a patient who may have multiple providers,” said Donald M. Berwick, M.D., administrator of the Centers for Medicare & Medicaid Services (CMS). “This opportunity to coordinate care among providers could greatly improve the quality of care Medicare beneficiaries receive.”

Both the Medicare Shared Savings Program and Advance Payment model create incentives for health care providers to work together to treat an individual patient across care settings – including doctors’ offices, hospitals, and long-term care facilities.

Unlike a managed care plan, Medicare beneficiaries will *not* be locked into a restricted panel of providers. Rather, a determination of whether an Accountable Care Organization was responsible for coordinating care for a beneficiary will be based on whether that person received most of their primary care services from the organization.

“We listened very carefully to the more than 1,300 comments we received on the proposed rule released this spring, and this final rule includes a number of improvements suggested by those comments that will strengthen the program,” Dr. Berwick said. “For example, the final rule will increase the incentives and streamline the Shared Savings Program, extending the benefits of the new program to a broader range of beneficiaries.”

Other changes from the proposed rule include making the one-sided model truly one-sided, expanding participation to Rural Health Clinics and Federally Qualified Health Centers and organizations where specialists provide primary care, and providing a flexible starting date in 2012. Federal savings from this initiative could be up to \$940 million over four years.

To aid organizations interested in becoming Accountable Care Organizations, CMS offers a number of learning opportunities for providers, including the third Accelerated Development Learning Session on November 17-18 in Baltimore. This free session will offer providers the opportunity to learn more about this option for providing care. For more information, visit <https://acoregister.rti.org/>.

People with Medicare have received information about what an Accountable Care Organization could mean for them in the annual issue of “Medicare & You” and if their current health care provider is participating in an Accountable Care Organization, they will receive additional information from their provider.

The Shared Savings Program final rule is posted at: [www.ofr.gov/inspection.aspx](http://www.ofr.gov/inspection.aspx).

The Advanced Payment solicitation is posted at: <http://innovations.cms.gov/areas-of-focus/seamless-and-coordinated-care-models/advance-payment/>.

For more information, fact sheets are posted at: <http://www.HealthCare.gov/news/factsheets/2011/10/accountable-care10202011a.html> and <http://www.cms.gov/ACO/>.

The joint CMS and Department of Health and Human Services Office of Inspector General (OIG) Interim Final Rule with Comment Period addressing waivers of certain fraud and abuse laws in connection with the Shared Savings Program is posted at: [www.ofr.gov/inspection.aspx](http://www.ofr.gov/inspection.aspx).

The Antitrust Policy Statement is posted at: [www.ftc.gov/opp/aco/](http://www.ftc.gov/opp/aco/) and [http://www.justice.gov/atr/public/health\\_care/aco.html](http://www.justice.gov/atr/public/health_care/aco.html).

The Internal Revenue Service (IRS) Fact Sheet, Tax-Exempt Organizations Participating in the Medicare Shared Savings Program through Accountable Care (FS-2001-11), will be posted at: <http://www.irs.gov>.

###

---

Note: All HHS press releases, fact sheets and other press materials are available at <http://www.hhs.gov/news>.