

SECOND OPINION

SMALL DOSES OF HEALTHCARE INSIGHT



Overview of Accountable Care Organizations

Accountable Care Organizations (ACOs) are a group of healthcare providers that have voluntarily entered a formal arrangement to assume collective responsibility for the healthcare of a specific population of patients. Provider members may receive financial incentives to improve both the quality and efficiency (i.e., cost) of care. Alternatively, they may be at financial risk for failing to improve quality or efficiency. Seen as an alternative to traditional fee-for-service models, ACOs grew out of government initiatives to minimize unnecessary treatments, coordinate care, promote quality, and curb healthcare spending.

The Centers for Medicare & Medicaid Services (CMS) offers several ACO programs, notably the Pioneer ACO program (now closed for applications) and the Medicare Shared Savings Program (MSSP). The term "ACO" no longer applies just to these CMS programs. Many commercial payers are (and in some cases have been for many years) negotiating similar contracts with their provider partners, so the term has broadened to include these arrangements. There are a wide range of ACO models, but physicians form the core of an ACO. In fact, there are specific regulations regarding physician representation on CMS-certified ACO Boards. Additionally, ACOs are evaluated against quality indicators, ranging from clinical treatment and outcomes to patient satisfaction, to ensure quality is not compromised for efficiency. And finally, patients have the choice to leave the ACO if they wish.

Because of the wide range of ACO models, and the nature of ACO reimbursement and financial incentives, the lines between provider and payer may be blurred.

With this comes potential exposure not often specifically contemplated in many medical professional insurance policies, thus gaps and overlaps between policies may exist.

A well-designed, dedicated [insurance package](#) with coverages appropriately tailored to each ACO's individual exposures should eliminate this potential.

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