AMA Establishes New Principles for ACOs

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The American Medical Association has established new principles to guide the development and operation of accountable care organizations, which emphasize physician leadership and patient participation.

Recognizing that accountable care organizations (ACOs) are an emerging model of patient care, the American Medical Association (AMA) House of Delegates adopted new principles for ACOs at its 2010 Interim Meeting in November. The AMA's timing coincides with a request last week by the Centers for Medicare & Medicaid Services (CMS) for comments regarding ACOs, which emphasized that CMS is seeking additional input "particularly from the physician community" on several key ACO issues under the Patient Protection and Affordable Care Act. (For more information about this request for comments, see "CMS Seeks Comments on Standards for ACOs Under Shared Savings and CMMI.")

The AMA's new ACO principles begin with a guiding principle that the twin goals of an ACO are to increase patient access to health care while efficiently delivering improved quality care. In addition, the guiding principle emphasizes that each physician's primary obligation in the ACO is the safety and well-being of the patient.

The principles specifically cover ACO governance. Stating that ACOs must be physician-led to ensure professional medical judgment puts patients' interests above commercial interests, the AMA notes physician leadership is preferred in order to encourage "an environment of collaboration" among physicians. Additionally, the principles state the "AMA supports true collaborative efforts between physicians, hospitals and other qualified providers to form ACOs as long as the governance of those arrangements ensure that physicians control medical issues."

Under the Affordable Care Act's Shared Savings Program, Medicare fee-for-service beneficiaries are to be assigned to an ACO based on their primary care physicians. The mechanics of how this will actually function are not settled: the act states the secretary of the U.S. Department of Health and Human Services is to determine an "appropriate method" of such assignment. In contrast, the AMA's principles state: "Patient participation in an ACO should be voluntary rather than mandatory assignment by Medicare."

Additional elements of the AMA's principles include the following concepts:

- Revenues of an ACO (and any savings from efficiencies) should be retained for patient care services and distributed to the ACO participants.

- Antitrust laws and patient referral laws, such as federal and state anti-kickback and self-referral laws and the federal Civil Monetary Penalties statute, should be made flexible enough to allow physician collaboration with hospitals in forming ACOs without necessitation that physicians be employees of hospitals or ACOs.
- CMS' Center for Medicare and Medicaid Innovation should provide up-front resources to physicians to facilitate formation of ACOs, including grants in order to finance up-front costs.
- The ACO spending benchmark should be adjusted for differences in geographic practice costs and risk adjusted for individual patient risk factors. In particular, beyond the shared savings earned by ACOs, those ACOs that spend less than the national average per Medicare beneficiary should be provided an additional bonus payment.
- The quality performance standards required to be established by the secretary must be consistent with AMA policy regarding quality, and must include timely notification and feedback provided to physicians regarding the quality measures and results.
- ACOs should be allowed to use different payment models. While the ACO Shared Savings Program is limited to the traditional Medicare fee-for-service reimbursement methodology, the secretary has discretion to establish ACO demonstration projects. ACOs must be given a variety of payment options and allowed to simultaneously employ different payment methods, including fee-for-service, capitation, partial capitation, medical homes, care management fees and shared savings. Further, any capitation payments must be risk-adjusted.
- The Consumer Assessment Of Healthcare Providers And Systems Patient Satisfaction Survey should be used as a tool to determine patient satisfaction and whether an ACO meets the patient-centered criteria required by the ACO law.
- If an ACO bears risk like a risk-bearing organization, the ACO must abide by the financial solvency standards pertaining to risk-bearing organizations.

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