

Study finds out-of-network primary care tied to rising ACO costs

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Accountable Care Organizations—or ACOs—formed for the first time in 2011, designed to combat rising medical costs and provide more coordinated care to Medicare patients. But the savings have been inconsistent nationwide.

A new Portland State University study looked at what's driving those inconsistencies and what ACOs might do to resolve the issue. The study was published in the February issue of *Health Affairs* by OHSU-PSU School of Public Health Assistant Professor Sunny Lin.

"Primary care has the potential to unlock the key to reducing [healthcare costs](#)," Lin said.

Decreasing the percent of primary care delivered out-of-network across all Medicare ACOs by just one-tenth of a percentage point could save the Medicare system \$45 million a year, the study found.

ACOs are self-organized providers working together to better control healthcare costs. The organizations have federal approval and receive Medicare funding, but in lieu of the traditional fee-for-service model, ACOs are incentivized to spend less per patient.

If they succeed in saving money through coordinated care, they share the remaining government funding. However, ACOs have no control over who their patients see, including whether their patients seek care outside of the ACO network.

"What the study found is that it actually didn't matter how much specialty care was received by non-ACO providers," said Lin, who co-authored the study with John Hollingsworth of the University of Michigan Medical School. "What mattered more was how well their primary care providers were aligned in the ACO."

Those findings go against common wisdom that dictated when it comes to spending, specialty care costs more to the system.

The study found that "leakage"—the percent of care patients receive outside their network—impacted healthcare spending more for primary care providers than specialty care providers.

In marginalized communities or ACOs with a higher proportion of patients of color, leakage was even higher. Lin said this was likely because those populations have a harder time maintaining continuity of care and experience more barriers to seeing the same primary care provider repeatedly.

"ACOs need to be cognizant of these barriers and try to find ways to reduce them in order to save money—and more importantly better serve their patients," she said.

Looking at Medicare data from 1.6 million patients between 2012 and 2015, researchers found that higher specialty care leakage didn't mean higher overall costs for ACOs.

Higher [costs](#) were however associated with ACOs that had a higher percentage of patients with primary care services that weren't received in-network. These [higher costs](#) were driven largely by outpatient care, [emergency room visits](#) and skilled nursing facilities. For each additional percentage-point increase in ACO's out-of-network primary care visits, the ACO paid about \$43 a year more per patient.

Lin said this cost increase may be because [primary care providers](#) act as gatekeepers. As providers, they manage referrals to potentially high-cost services and when in-network, are more likely to provide more cost-effective care.

Policymakers could help reduce leakage by supporting [primary care](#) providers, Lin added, and

putting more focus on their vital role in the healthcare system.

More information: Sunny C. Lin et al, Out-Of-Network Primary Care Is Associated With Higher Per Beneficiary Spending In Medicare ACOs, *Health Affairs* (2020). DOI: [10.1377/hlthaff.2019.00181](https://doi.org/10.1377/hlthaff.2019.00181)

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