
SHOW ME THE MONEY

STRATEGIES FOR SHARED SAVINGS DISTRIBUTION METHODOLOGY

It's the moment the ACO has been tirelessly working toward - when the Centers for Medicare & Medicaid Services (CMS) hits the button for the Electronic Funds Transfer (EFT) to distribute shared savings. At last, there's cash in the bank account, but where should it go now? Hopefully long before CMS hits send, the ACO has developed a shared savings distribution methodology that has been carefully planned, reviewed, approved, and documented.

For ACOs new to the program, the distribution methodology may be as simple as recouping operating expenses and then distributing remaining savings to ACO Participants based on Medicare Beneficiary assignment. This distribution methodology can be easily managed and communicated to ACO Participants and doesn't often raise concerns of inappropriate incentives. Another "simple" distribution methodology takes the operating expenses off the top and reinvests all, or a portion of, remaining funds into process improvements and ACO infrastructure prior to sharing with ACO Participants. This type of distribution methodology shows CMS that the ACO is committed to the purposes of the Shared Savings Program and the required processes outlined in the Final Rule. Although the simplicity of these methodologies may be attractive, ACOs may be overlooking a unique opportunity to drive physician engagement while improving outcomes and quality.

ACOs should consider leveraging shared savings as a tool to drive physician engagement in ACO initiatives. Distribution methodologies that utilize physician performance, quality, and engagement metrics can encourage and reward ACO participants that are focused on continuous improvement. If an ACO decides to build a methodology based on such metrics, the ACO should avoid criteria which may appear to incentivize physicians to reduce or limit medically necessary items or services.

As ACOs develop methodologies, they should consider the following:

1. Available resources. Determine what resources and staff are available to track, manage, and oversee metrics.
2. ACO initiatives. Explore the outcomes and initiatives that are most critical to the ACO's success (e.g., completion of compliance training, attendance at ACO townhalls, improvement in quality measures).
3. Buy-in. Develop a plan to brainstorm and build the methodology with key stakeholders (e.g., ACO Governing Body, Medical Director). Ask for the Compliance and Legal departments to weigh in early in the development process.
4. Documentation. Clearly record the details of the methodology, how it ties to the purposes of the Shared Savings Program, and specifically address any potential concerns around inappropriate incentives. Remember that although the Shared Savings Distribution Waiver waives Stark, the Federal Anti-Kickback Statute, and the Gainsharing CMP Law, it does not change the fact that payments made directly or indirectly from a hospital to a physician cannot be knowingly made to induce the physician to reduce or limit medically necessary items or services to patients under the direct care of the physician.
5. Communication. Create a communication plan for sharing the methodology, the timeline of distributions, and the expectations for each ACO Participant.

Ultimately, ACOs can slice the shared savings distribution methodology pie in many ways. An exploration of the ACO's unique objectives, the Shared Savings Program Final Rule, and Shared Savings Distribution Waiver requirements will help ACOs build a meaningful distribution methodology that can truly impact physician engagement and improve the healthcare system.

ABOUT WILEMS RESOURCE GROUP

Wilems Resource Group is a boutique consulting firm specializing in Compliance and Engagement solutions for the Medicare Shared Savings Program and Next Generation ACO Model. We measure success on our ability to help our clients understand program requirements, determine the appropriate level of acceptable compliance risk, and create programming that meets all regulatory requirements. We build customized compliance and engagement programs for ACOs, physicians, practice managers, and beneficiaries. We are #raisingourlegacy.

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