

First Year Analysis – The Pioneer Accountable Care Organizations (ACO) Program Wins Some, Loses Some

Article By:

Privacy & Security Practice Group at Mintz Levin

This week, CMS [announced](#) the shared savings results and the clinical achievements from the first year of the [Pioneer ACO Program](#). During the first year:

- Over 669,000 beneficiaries were aligned to the 32 Pioneer ACOs.
- Costs for the care of Pioneer ACO beneficiaries grew by only 0.3 percent in 2012 compared to 0.8 percent for similar Medicare beneficiaries in the same period.
- Pioneer ACOs earned over \$76 million in shared savings by providing coordinated, quality care:
- thirteen Pioneer ACOs produced a gross savings of \$87.6 million in 2012 – saving nearly \$33 million to the Medicare Trust Funds; and
- two Pioneer ACOs generated losses totaling approximately \$4.0 million.
- Twenty-five Pioneer ACOs that generated lower risk-adjusted hospital readmission rates for their aligned beneficiaries than the benchmark rate for all Medicare fee-for-service beneficiaries partially drove the Pioneer ACO Program's savings.
- Among beneficiaries with diabetes in the Pioneer ACOs, compared to 2000-2001 data from a similar adult diabetic population in ten managed care plans across seven states:
- the median blood pressure control rate was 68 percent compared to 55 percent; and
- low-density lipoprotein control rate was 57 percent compared to 48 percent.

The data indicates that all of the Pioneer ACOs [improved](#) the quality of beneficiary care, but only a third reduced the cost of delivering that care.

CMS's announcement also confirmed [rumors](#) that some Pioneer ACOs plan to leave the

demonstration project. Seven of the ACOs that did not produce savings have notified CMS that they intend to apply to the Medicare Shared Savings Program, a [less accelerated ACO program](#) with more flexible risk-contracting parameters than the Pioneer ACO Program. Two of the Pioneer ACOs are withdrawing from participating in any CMS-sponsored shared savings arrangement.

For the 23 remaining ACOs, the second year of the Pioneer ACO Program will be a key indicator of CMS's progress towards its goal of transitioning government health care from fee-for-service to performance-based payments. CMS is pushing forward with its plans to pay for performance, rather than paying for reporting in the second year of the Pioneer ACO Program, as it had originally planned, and has promised to provide timely data to the Pioneer ACOs to support their performance improvement efforts.

©1994-2025 Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. All Rights Reserved.

National Law Review, Volume III, Number 199

Source URL: <https://natlawreview.com/article/first-year-analysis-pioneer-accountable-care-organizations-aco-program-wins-some-los>