



Hospitals Participating in Accountable Care Organizations Tend to Be Large and Urban, Allowing Access to Capital and Data

Synopsis

A new study comparing accountable care organizations (ACOs) that include hospitals in their networks to those that do not finds hospitals that are in urban areas, are nonprofit, or have a relatively small share of Medicare patients are more likely to participate in ACOs than other hospitals. Whether an ACO includes hospitals does not appear to affect its capacity to manage hospital-related aspects of patient care.

The Issue

In an attempt to curtail needless spending and improve care coordination, many hospitals have teamed up with accountable care organizations (ACOs) over the past decade. Although more than half of ACO provider networks now include hospitals, the jury is out on the value ACOs derive from hospital participation. Commonwealth Fund–supported researchers used quantitative and qualitative analysis to assess the differences between ACOs with and without participating hospitals.

Key Findings

- More than half of ACOs in the United States include a hospital. Only 20 percent of all hospitals belong to an ACO, however, and only 10 percent participate in one of Medicare’s ACO programs.
- Hospitals in heavily populated urban areas or those with a smaller share of Medicare patients are more likely to be involved in ACOs than hospitals in rural areas or those with a larger share of Medicare patients. Nonprofit hospitals are more likely to participate in ACOs than for-profit or government-owned hospitals.
- Teaching hospitals and hospitals offering a greater array of services, such as obstetrics and intensive care, have a higher likelihood of belonging to an ACO than nonteaching hospitals or hospitals offering fewer services.
- Eighty-five percent of hospitals that participate in ACOs are short-term acute care facilities. The rest are either critical access hospitals (12%), which care for Medicare patients, or specialty hospitals (3%).
- Patients receiving treatment in hospitals that belong to ACOs are sicker and stay longer than patients in nonparticipating hospitals. According to the authors, this suggests that hospitals belonging to ACOs have

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Of the goals inherent in the creation of ACOs, the ability to control spending may provide the strongest business case for including hospitals in ACOs.

more clinically complicated patients than other hospitals. Looking at rates of serious complications or readmissions, the authors found no significant differences between hospitals.

- ACOs with hospitals have twice as many full-time-equivalent primary care clinicians and more than three times as many specialty physicians as ACOs without hospitals.
- Although the 63 percent of ACOs that include hospitals offer more-comprehensive services than those without hospitals, the two ACO groups do not differ in their abilities to manage hospital-related aspects of patient care.

The Big Picture

Leaders of ACOs that include hospitals in their networks say that hospitals provide an important source of capital for funding the infrastructure work needed to support quality reporting, among other projects. Additional strategic advantages of hospital participation include having the capacity for data-sharing between inpatient and outpatient settings and the ability to engage providers across care settings. Other ACO leaders feel, however, that hospitals cannot fully commit to cutting spending, as doing so entails reductions in revenue from inpatient and emergency department services. With no participating hospitals, organizations can better commit to accountable care because they “[do] not have to worry about decreasing hospital revenue.”

About the Study

Researchers analyzed data from 269 ACOs that responded to the National Survey of Accountable Care Organizations from October 2012 to March 2014 and information from Leavitt Partners’ ACO database. They also conducted interviews and site visits to examine ACO characteristics, identify the types of hospitals that participate in ACOs, and investigate differences that participation makes in ACOs’ ability to control costs.

The Bottom Line

Although accountable care organizations that involve hospitals in their operations offer more-comprehensive services than those that do not, hospital inclusion does not appear to affect ACOs’ capacity to manage hospital-related aspects of patient care.

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