

# Substantial Physician Turnover and Beneficiary “Churn” in a Large Medicare Pioneer ACO

## SYNOPSIS

A study of one of the nation’s largest Medicare accountable care organizations (ACOs) found that participating physicians see a relatively small number of patients who are actually part of the ACO population: less than 5 percent of a typical patient panel consists of ACO patients. The ACO also experiences substantial physician turnover. And when physicians leave the ACO, most of their attributed beneficiaries leave as well.

## THE ISSUE

To increase provider accountability for the cost and quality of patient care, health care systems, including the Medicare and Medicaid programs, have begun to move away from fee-for-service and toward ACOs and other alternative payment models that encourage more efficient and effective care delivery. With the ongoing implementation of the Medicare Access and CHIP Reauthorization Act of 2015, the numbers of physicians and provider organizations entering alternative payment models such as ACOs is likely to accelerate rapidly. Evidence to date, however, indicates that ACOs have achieved limited success in attaining their goals. Even though physicians play a decisive role in whether ACOs are able to deliver on their promise, there has been limited research on the physicians who work in ACOs and their experiences with patients. Commonwealth Fund–supported researchers studied a large Medicare Pioneer ACO to learn about the stability of physician participation and beneficiary enrollment.

## KEY FINDINGS

- ▶ The ACO experienced substantial turnover among physicians: only 52 percent were affiliated over the entire three-year contract period.
- ▶ Most (88%) physicians had at least some beneficiaries attributed to them, but these patients accounted for just a small part of their panels, which averaged 1,700 patients per panel. Half (50%) of physicians had just 70 or fewer attributed beneficiaries. ACO enrollees accounted for less than 5 percent of the median physician’s patient panel.
- ▶ About half (49%) of beneficiaries who joined the ACO in contract year 2 or 3 did so because their physician had joined the ACO. When physicians left the ACO in year 2 or 3, 90 percent of their assigned beneficiaries also left.

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## THE BIG PICTURE

The study's findings suggest that two factors can dampen an ACO's potential to hit its financial targets: a relatively low number of enrollees attributed to participating physicians, and the loss of patients when physicians leave the ACO. To the extent that there is patient turnover, the ACO's incentives also are dampened with respect to investments that require more than a few months to achieve any payoff. The authors conclude that the financial incentives provided by ACOs to provide better, more efficient care may not be sufficient to attract physicians, given the small numbers of ACO beneficiaries they tend to serve. Physicians, they say, might instead repond better to comparable incentives that are linked to having a larger number of patients on their panels. This, however, would require standardizing incentives across payers. Standardization also reduces the potential cacophony associated with having a large number of incentives. Health systems also could reconsider how they link beneficiaries to primary care physicians to concentrate care among a smaller number of physicians, creating a critical mass of patients that might encourage and facilitate practice pattern changes.

The authors also note that having the ability to select participating physicians each year creates a temptation for ACOs to improve their risk profile—and thereby increase their opportunity for shared savings—by dropping the small number of physicians whose patients have the most unfavorable risk mix (e.g., those with very high treatment costs). The Centers for Medicare and Medicaid Services could put policies in place that would reduce the incentive to game the risk pool.

## ABOUT THE STUDY

The researchers used the following data sources for their analysis: a list of beneficiaries aligned to Partners HealthCare's ACO; a list of physicians affiliated with the ACO during that period; databases that captured the number of years a physician was affiliated with the ACO, physician specialty, and other factors; and Medicare claims data.

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***Physicians play a central role in the delivery of medical care and, not surprisingly, also are critical players in Medicare payment reform.***

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## THE BOTTOM LINE

A low number of attributed enrollees per physician and substantial physician turnover may help explain the muted impact that accountable care organizations have had thus far.

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*This summary was prepared by Martha Hostetter and Deborah Lorber.*