

# The Hidden Roles That Management Partners Play in Accountable Care Organizations

## SYNOPSIS

Accountable care organizations (ACOs), particularly those led by physicians, partner with external organizations to expand their capacity to manage population health and to obtain data analytics, administrative services, and start-up funds. In most of these alliances, the nonprovider organization shares in any financial losses and profits. New research finds no evidence, however, that these partnerships help ACOs perform better in terms of quality or cost of care.

## THE ISSUE

Launching an ACO can be costly and resource-intensive, particularly when the participating health care providers lack certain capabilities, like data analytics and care coordination, which are critical to managing patient populations. To succeed, smaller ACOs — those that do not include large hospitals or health systems — sometimes seek a management partner. These organizations can provide services and capabilities like financing, expertise in caring for complex patients, or data management. With support from the Commonwealth Fund, researchers surveyed ACOs nationwide to study the extent to which health care providers have partnered with management entities, the services partners provide, and the experiences of ACOs with partners compared to those without.

## KEY FINDINGS

- ▶ ACO partners include management services organizations, consulting firms (both large well-known firms and smaller boutique firms), commercial health plans, and nonprofit consortia.
- ▶ Well over one-third (37%) of ACO respondents reported having a management partner.

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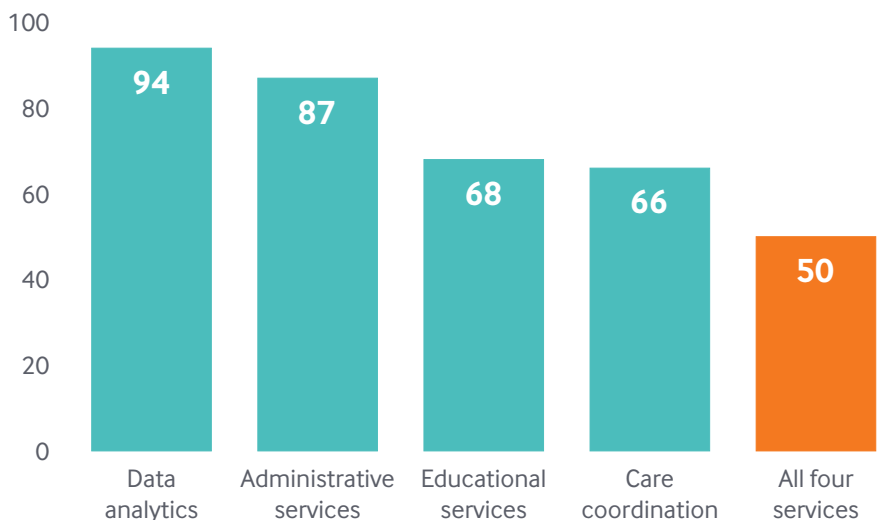
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## Four Key Services That Management Partners Provide to ACOs

*Percent of accountable care organizations that receive four key services from management partners*



Data: Authors' analysis of data for 2013–15 data from the National Survey of Accountable Care Organizations. Adapted from V. A. Lewis, T. D'Aunno, G. F. Murray et al., "The Hidden Roles That Management Partners Play in Accountable Care Organizations," *Health Affairs*, Feb. 2018 37(2):292–98.

- ▶ Two-thirds of management partners share financial risks and rewards with ACOs.
- ▶ Half of the partnerships identified in the study are comprehensive, with the external organization providing four key services: data analytics, care coordination, administrative services, and educational services.
- ▶ Data analytics (94%) are the most common assistance received from management partners, followed by administrative services (87%), educational services (68%), and care coordination (66%).
- ▶ ACOs that include physician practices only are more likely to have management partners than are ACOs that also include hospitals or integrated delivery systems.
- ▶ Eighty-two percent of Medicare ACOs have management partners, but only 47 percent of ACOs with commercial contracts have sought out such arrangements.
- ▶ Among Medicare ACOs surveyed, cost and quality performance, as well as shared savings achieved, are similar among ACOs with and without partners and across different types of management partners.

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***Policymakers at both the state and federal levels, as well as payers, should take into account the roles of management partners in ACOs. Providers' needs for capital and technical expertise are still unmet.***

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## THE BIG PICTURE

Over the long term, ACOs that rely on external partners for data analytics and other services may forgo building these capabilities themselves, the authors say. Thus, they will likely continue to require the assistance of partners as value-based payment evolves. Additional start-up funding from federal and state governments may help smaller providers develop ACO capabilities on their own. To ensure the fees they pay are commensurate with the value of services they receive, inexperienced providers may benefit from guidance on contracting with management partners.

## ABOUT THE STUDY

Researchers analyzed survey responses from senior leaders at 276 ACOs that participated in the National Survey of Accountable Care Organizations, conducted between 2013 and 2015. ACO performance on quality and cost metrics was compared among those organizations participating in select Medicare ACO demonstration projects, using publicly available Medicare files.

## THE BOTTOM LINE

Many ACOs — particularly those without a hospital — partner with external organizations for services like financing or data analytics, but there is no evidence these partnerships help ACOs perform better against quality or cost benchmarks.

V. A. Lewis, T. D'Aunno, G. F. Murray et al., "The Hidden Roles That Management Partners Play in Accountable Care Organizations," *Health Affairs*, Feb. 2018 37(2):292–98.

*This summary was prepared by Maggie Van Dyke.*