MSSP Program Insights – 2023 Financial and Quality Results

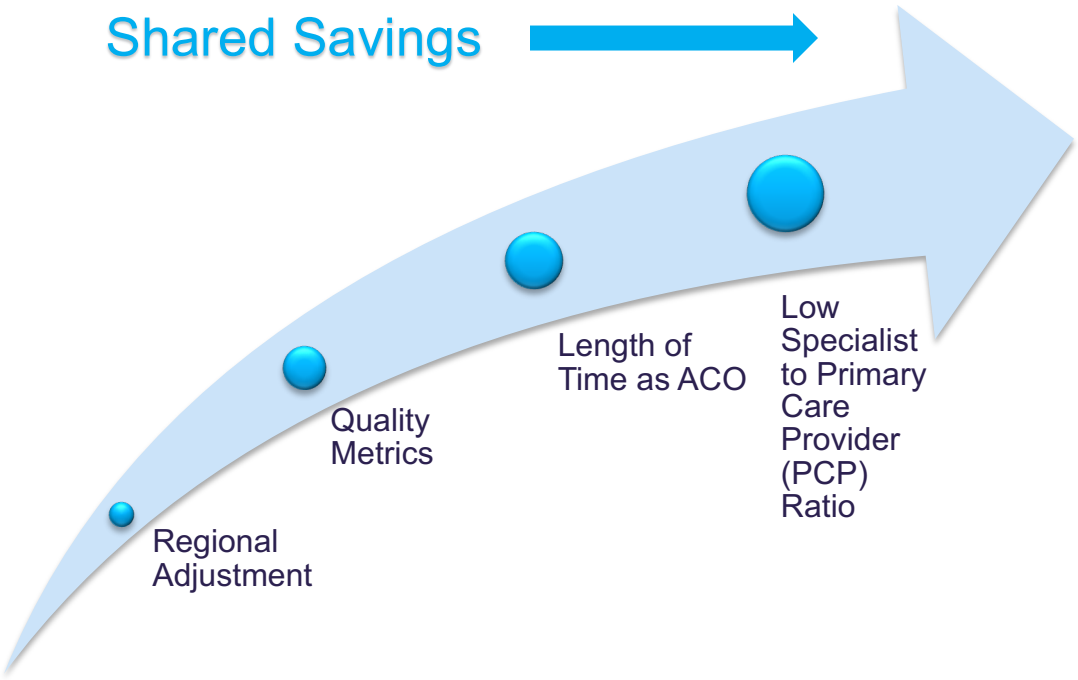
Stephen Gates, ASA, MAAA, MBA
678.893.6998 • stephen.gates@wakely.com

Zach Davis, FSA, MAAA
404.282.4780• zach.davis@wakely.com

Data and Statistical Analysis of 2023 Financial and Quality Results

Executive Summary

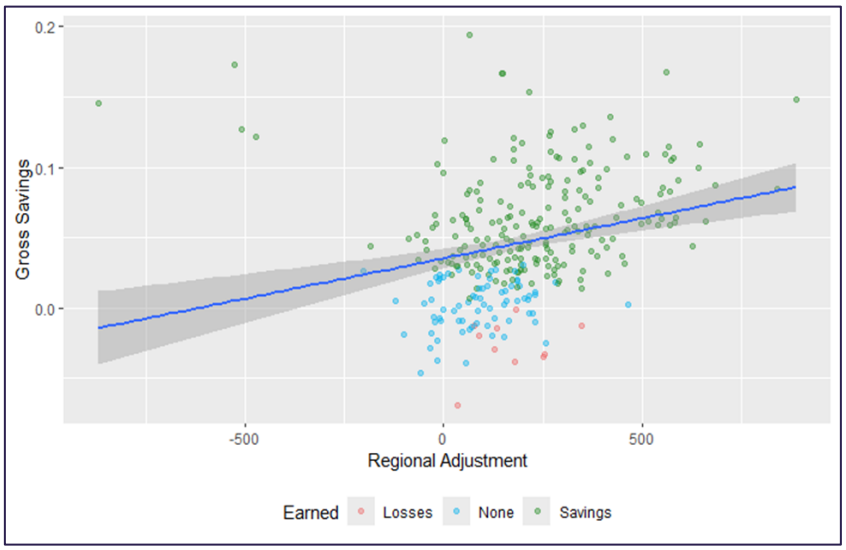
The Medicare Shared Savings Program produced the largest savings in the program's history in 2023, yielding more than $2.1 billion in net savings. Some key data relationships and statistical findings derived from the 2023 Performance Year Financial and Quality Results Public Use File (PUF) released by CMS on October 29, 2024, are as follows:

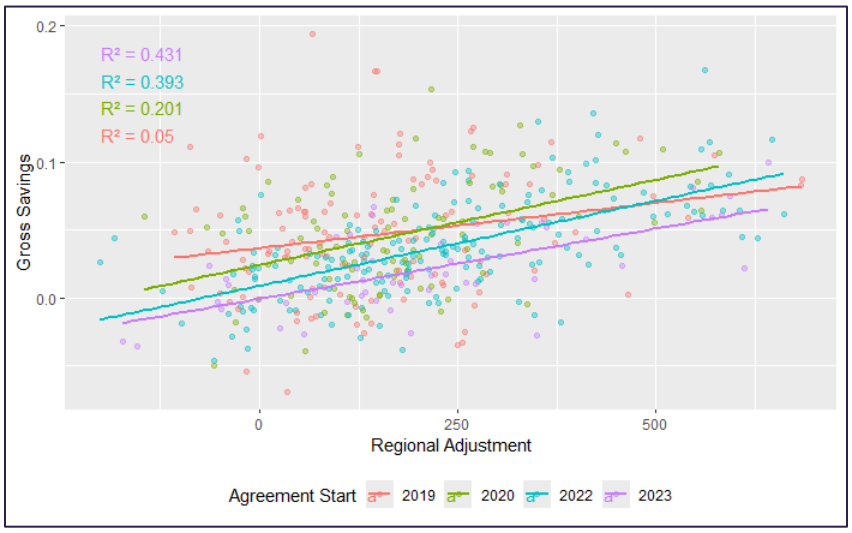


Regional Adjustment

When analyzing prior years, a higher regional adjustment to the historical benchmark has produced higher shared savings in the performance year.

The relationship between a large regional adjustment and higher savings of renewing ACOs, there were a handful of ACO anomalies that have a positive regional adjustments and experienced shared losses in the performance year (shown as red dots in visual). These ACOs should analyze their performance data to understand why they deviated from the rest of their peers that have positive regional adjustments. It is important to note that out of 294 renewing ACOs in 2023, 256 or 87% had a non-negative regional adjustment. This emphasizes the fact that ACOs understand the regional adjustment's impact on the benchmark and have put a lot of effort into curating their provider networks. It also begs the question; how do we get providers that are historically inefficient relative to the region to participate in the Medicare Shared Savings Program?





Quality Metrics Impact on Shared Savings

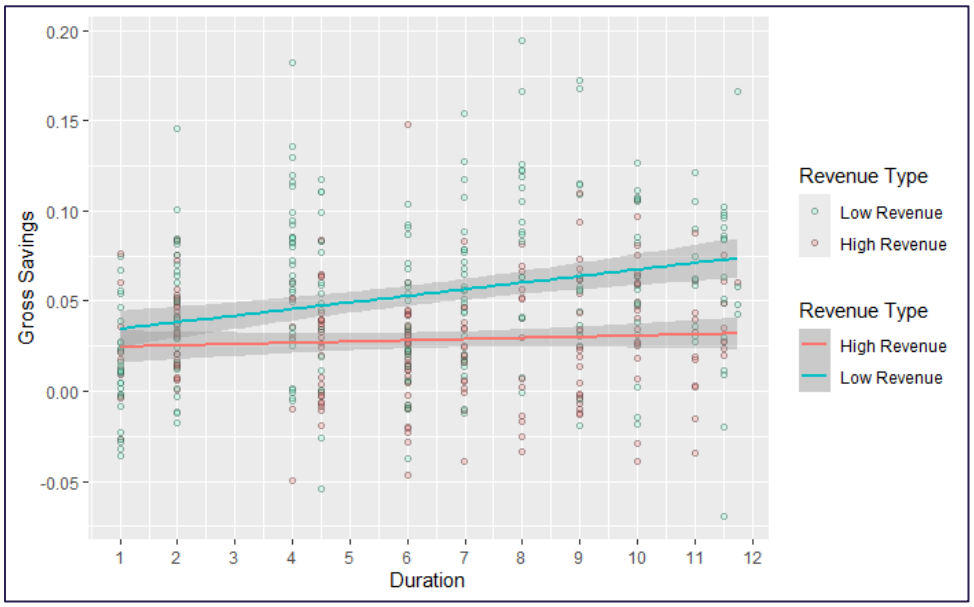
One goal of any value-based payment program is to measure quality of care in conjunction with cost of care. Quality metrics in MSSP are not necessarily highly correlated with favorable shared savings, independent of other factors, but some do show an indication in improvement in shared savings when savings exist. For example, the following metrics all show an increase in the average shared savings with increasing metric scores:

- Depression Screening
- Colon Cancer Screening

- Blood Pressure Control
- Statin Usage and
- Hemoglobin A1c (inverse measure)
    - Note, this measure indicates higher quality with a lower value since the measure is evaluated as the percentage of patients 18-75 with diabetes who had hemoglobin A1c > 9.0%

For these metrics, the average gross savings % increases along with quality score improvement. Improvement in other metrics like Tobacco Usage and Flu Vaccination did not show any meaningful relationship to gross savings.

Duration of ACO



Based on multiple linear regression analysis, that considered variables such as renewal status, agreement period number, SNF waiver status, number of beneficiaries, MSR, quality score, regional adjustment, SNF length of stay, number of PCPs, number of specialists, number of hospitals, specialist to PCP ratio, and ACO duration, the amount of time an ACO has been in existence is a statistically significant variable in improvement to shared savings. In addition, splitting the data by the type of ACO (low vs high revenue) reveals an interesting observation as well, showing that savings increases at a steeper rate for low revenue ACOs relative to high revenue ACOs as duration of the ACO increases. High revenue ACOs may already have some of the infrastructure needed for the ACO to be successful at an earlier date relative to low revenue ACOs, which is one theory why low revenue ACOs have a more significant improvement over time. The move to value-based care is one that takes an organizational shift in culture and operations to achieve any meaningful savings.

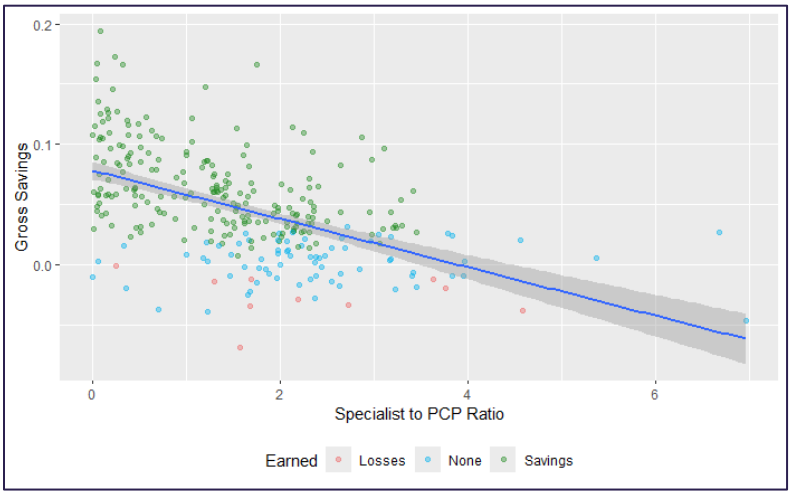
Ratio of Specialist to Primary Care Provider

Over the past several years, the popularity of including specialist providers by ACOs has increased with specialists per thousand beneficiaries growing from 22 in 2019 to 32 in 2023. ACO's are trying to bring more of their beneficiary spend into their own care management ecosystem. Bringing the pool of beneficiaries seeing specialists in can create complexity since the pool is often higher cost, has more complex medical conditions and may not have a strong primary care relationship. Attribution follows a two-step process, which will change to three steps in 2025. The first step is to attribute to a

beneficiary's primary care physician. For any beneficiaries that are not assigned in the first step, a second step looks to assign beneficiaries that see specialists performing primary care services. The new third step, assigns beneficiaries receiving primary care services from a non-physician practitioner (NPP) during the 12-month assignment window and also received primary care services from a PCP in the preceding 24 months.

Looking at the relationship between the number of specialists and savings, moving left to right along the X axis (Specialists Count), the negative trend line (Blue line) indicates that as the number of specialists increases the savings are reduced. You can also see that there are some ACOs that were able to achieve savings with a high number of specialists (green dots to the right of 2,000 Specialists Count).

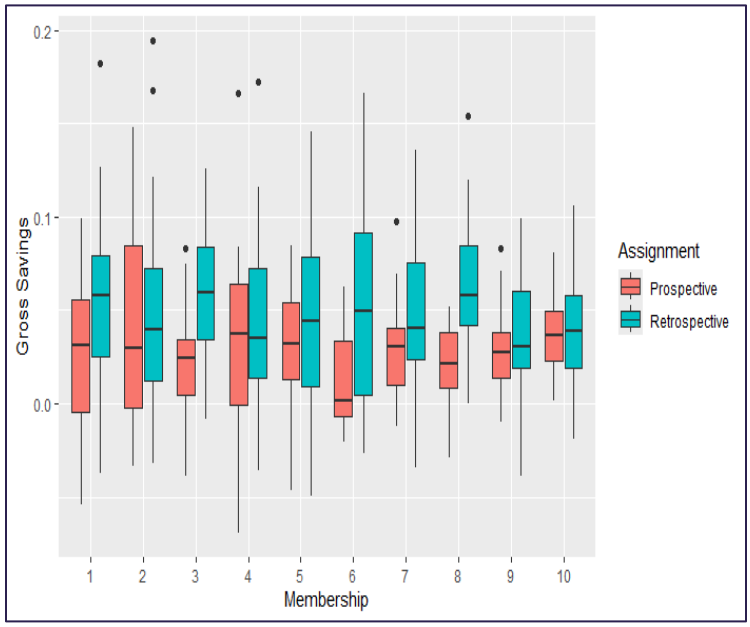
In addition to looking at the relationship between number of specialist providers in the ACO and shared savings, we also looked at the ratio of specialist to PCP to see if the number of PCPs is helping to offset some of the negative shared savings associated with higher specialist count.



Looking at this relationship inversely (right to left), you can see that as the number of specialists relative to PCPs decreases, both the number of ACOs with savings and the magnitude of savings increases.

Membership and Savings Variability

In statistical theory, as the population gets larger, the variance gets smaller. This statistical observation applies to the ACO population underlying the 2023 MSSP results and is shown in the visual for both prospective and retrospective ACOs.



Box and Whisker Plot

Box and Whisker plots are often used in data analysis to show the distribution of a variable by providing a visual of some of the key metrics of the distribution such as percentiles and the mean. Percentiles shown are 1st, 25th, 75th, and 99th. The "whiskers", or lines extending from the box, show the 1st and 99th percentiles with the 1st being the bottom of the bottom whisker and the 99th being the top of the top whisker. The "box" shows what is known as the interquartile range or the gap between the 25th and 75th percentile with the 25th percentile being the value at the bottom of the box and the 75th percentile being the value at the top of the box. The mean, or the average value, is shown as a bar that falls somewhere within the box.

Membership split into deciles for illustrative purposes (1 = Smallest 10%, 10 = Largest 10%)

One can see that the "width" of the bars (difference between 25th and 75th percentiles) gets smaller as the number of beneficiaries gets larger (moving from left to right). It is also interesting to point out that prospective ACOs have smaller variance at a smaller number of beneficiaries relative to retrospective ACOs. This observation may be specific to the 2023 results and should be studied longitudinally to confirm this assertion for other time periods.

Please contact Stephen Gates or Zach Davis at stephen.gates@wakely.com or zach.davis@wakely.com respectively with any questions or to follow up on any of the concepts presented here.

OUR STORY

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Broad healthcare knowledge. Wakely is experienced in all facets of the healthcare industry, from carriers to providers to governmental agencies. Our employees excel at providing solutions to parties across the spectrum.

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Our Vision: To partner with clients to drive business growth, accelerate success, and propel the health care industry forward.

Our Mission: We empower our unique team to serve as trusted advisors with a foundation of robust data, advanced analytics, and a comprehensive understanding of the health care industry.

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