Benefit Design and ACOs – Employer and Health Plan Issues

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Key ACO Needs

• Agreement to gain-share from payers/insurers or large employers

• Benefit designs to promote ACO use
  – Very limited for FFS Medicare beneficiaries
    • Perhaps use of “soft enrollment”
    • Improved availability of PCP Office Visits
  – For private payers
    • Tiered networks with ACOs being the “prime tier”
    • Lower copays for use of ACO providers, but no gatekeepers
    • Use of Value-Based Insurance Design principles
ACOs Are **Not** HMOs

- Contingent on meeting quality metrics, ACO gain-sharing can be:
  - “Bonus Only” with only upside payments if earned,
  - “Symmetric Risk” with bonuses/withholds, or
  - “Partial capitation” for some ACO services

- What ACOs are **not**:
  - Not a closed network – enrollees can choose to use any provider
  - Not fully capitated
  - Not a gatekeeper model – no permission needed to seek care