

HEALTH POLICY

Savings on healthcare

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Encouraging healthcare providers to coordinate and share resources may reduce the costs of care provision. The Medicare Shared Savings Program (MSSP) was introduced in the United States to enable coordination between accountable care organizations (ACOs) and to incentivize cost savings in fee-for-service (payments made per treatment) Medicare. Previous assessments suggest that the MSSP has achieved only small savings that are offset by bonuses paid out to ACOs for meeting MSSP targets. However, these assessments did not have a reliable way to estimate potential spending in the absence of a savings programme.

J. Michael McWilliams, of Harvard Medical School, and colleagues address this limitation using Medicare claim and enrolment data from 2009–2015. The authors compare how much ACOs spent on patients before and after they entered the MSSP, and how much they spent compared with providers not in the MSSP. The difference-in-difference analysis reveals a significant reduction in spending for ACO physician groups, amounting to a net saving of \$264.4 million for Medicare by 2015. For larger, hospital-integrated ACOs, however, the savings were modest and offset by bonuses.

These findings suggest that shared-savings contracts like the MSSP offer attractive and achievable cost-saving incentives for physician groups, but not for larger, hospital-based consortia.

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