MEDPAC: Weighs Reform Measure Allowing Medicare Beneficiaries To Opt Out of ACOs

The Medicare Payment Advisory Commission on Thursday questioned whether allowing Medicare beneficiaries to opt out of accountable care organizations established under the federal health reform law would undermine the goal of such organizations, CQ HealthBeat reports.

The reform law encourages the development of ACOs, which feature a group of providers working together in order to avoid duplicative care and eliminate wasteful spending. The overhaul stipulates that ACOs must include primary care providers responsible for coordinating care of at least 5,000 Medicare beneficiaries. The law also states that if providers form ACOs, Medicare must assign beneficiaries to the organizations. Those beneficiaries may then opt out of the organization.

Critics of the law worry that ACOs might try to dissuade high-cost patients from staying in the organization. MedPAC Chair Glenn Hackbarth said he is concerned by the provision but that he also believes it would be a mistake to force beneficiaries to stay in the ACOs, which could cause a backlash by physicians. He said he supports giving beneficiaries an "escape valve."

MedPAC commissioner Katherine Baicker of the Harvard School of Public Health suggested a requirement that some percentage of beneficiaries assigned to an ACO must stay a part of the organization in order for the ACO to maintain its designation. Hackbarth said he would consider the proposal (Reichard [1], CQ HealthBeat, 10/7).

COMMISSION WEIGHS 'LEAST COSTLY ALTERNATIVE' OPTION MedPAC also considered recommending that HHS be given the power to limit Medicare payment rates for products and services to their "least costly alternative," CQ HealthBeat reports. Under the draft recommendation, Medicare's rates would be set for that of the least costly product or service, unless it can be proven that another item or service has better treatment outcomes. The recommendation would authorize HHS Secretary Kathleen Sebelius to apply the rule to Medicare Parts A and B.

A separate draft recommendation would allow Congress to direct Sebelius to "set the payment rate for a newly covered service that lacks evidence demonstrating better outcomes than existing treatment options at a level that is no higher than the least costly alternative" (Reichard [2], CQ HealthBeat, 10/7).

-- compiled by Matthew Wayt