

# ACA Ruling Maintains Medicare Accountable Care Organizations

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By Margarita Valdez

On June 28 the Supreme Court of the United States upheld certain provisions of the Patient Protection and Affordable Care Act (ACA), the healthcare reform legislation passed in 2010.

Several pieces of ACA relate to HIM professionals' work and facilities, including the provision that called for the Centers for Medicare and Medicaid Services (CMS) to provide incentives for the formation of accountable care organizations (ACOs). ACOs are formed when a group of disparate healthcare organizations connect to share health information and other resources with the hope of lowering costs through better patient care coordination.

The Supreme Court's ruling keeps this Medicare program intact, though private sector ACOs have already begun blooming in the healthcare industry separate from CMS's program.

Regardless of the court's decision on June 28, payment and delivery systems reform was expected to continue, according to Bill Bernstein, chair of the healthcare division at law firm Manatt, Phelps & Phillips.

Many states, particularly in the northwest and northeast, are proceeding with creating ACOs separate from the federal incentive program. One study showed 13 percent of US hospitals were participating in or preparing to participate in an ACO in 2011, Bernstein said, and currently nearly 40 percent of health plans are already implementing ACOs.

AHIMA policy experts note that the HITECH Act and ARRA, which have vast implications for health record management and other HIM issues, are not part of the ACA and are not affected by the ruling.

Key points of the Supreme Court's ACA opinion are:

- The "individual mandate" for most Americans to obtain health insurance will stand.
- Americans who do not secure healthcare insurance will be subject to a tax penalty, which is within the power of Congress.
- The penalty will be collected by the IRS through annual tax returns.
- States may opt out of the law's significant expansion of the Medicaid healthcare program to adults less than 65 years old, without losing all of their federal Medicaid funds.
- States are still expected to set up state health benefit exchanges, or risk having the federal government do so for them.
- Employers with 50 workers or more will be required to provide health insurance or pay penalties.
- Insurers cannot discriminate against persons with preexisting conditions.
- Subsidies to help pay for insurance will be extended to people up to a percentage of the federal poverty level.
- Insurance companies must meet standards for how much money they spend on healthcare, as opposed to administrative costs.
- Preliminary analysis indicates that Medicare ACOs are expected to move forward.
- Adults up to age 26 will be able to remain on their parents' health insurance policies.

[Read the Supreme Court's full ACA opinion.](#)

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