

Aug. 15, 2018

# CMS-Proposed Changes to ACO Involvement in the Medicare Shared Savings Program

CMS has proposed a new “Pathways to Success” rule to increase the financial risk doctors and hospitals participating in the Medicare Shared Savings Program take on in order to increase accountability of health care quality and spending for patients. The program was mandated by the Patient Protection and Affordable Care Act and is regulated by CMS.

Accountable Care Organizations — groups of doctors, hospitals and other health care providers who work together to coordinate care for Medicare patients they serve — can volunteer to participate in the program for at least three years and can carry varying amounts of financial risk for inpatient and outpatient care spending provided to Medicare beneficiaries.

## How the Medicare Shared Savings Program works

**1** Medicare beneficiaries are assigned to an ACO that has health care providers from which the beneficiaries receive primary care services. Health care providers in the ACO do not provide all health care services to the assigned beneficiaries but are responsible for their inpatient and outpatient care quality and spending.

**2** Total end-of-year inpatient and outpatient spending for an ACO’s assigned beneficiaries is compared to a benchmark spending level calculated and estimated by CMS for the ACO’s beneficiaries. If spending is **below** the benchmark and the ACO meets certain quality standards, the ACO receives a portion or “shared savings payment” of the difference between the actual spending amount and the benchmark. If spending is **above** the benchmark, the ACO may or may not have to pay CMS back the difference between actual spending and the benchmark amount.



**3** The participation option or “track” ACOs apply for to enter into the Shared Savings Program — and agree to follow during an agreement period — determines the level of financial risk they take on for exceeding the ACO spending benchmark set by CMS. The approved participation track also determines the percentage of shared savings they incur.

### TRACK 1

ACOs in this participation option share savings only, meaning they are not accountable for paying CMS any difference between spending and the benchmark amount. ACOs can be in Track 1 for up to six years.

### TRACK 1+

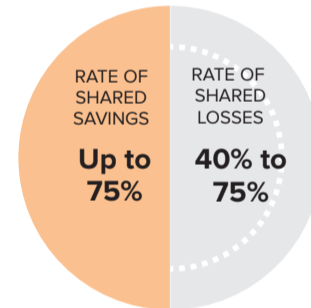
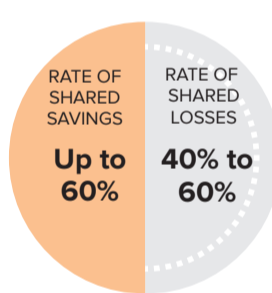
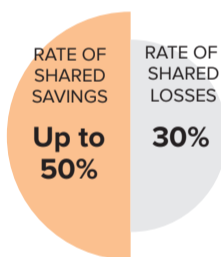
CMMI implemented this option in 2018 as a test payment model with a lower loss sharing rate than Tracks 2 and 3. Track 1 participants can transition to Track 1+ during their agreement period.

### TRACK 2

ACOs in this participation option share both savings and losses, meaning they are accountable for repaying losses to CMS.

### TRACK 3

ACOs in this participation option share higher rates of savings and losses, meaning they are accountable for paying more back to CMS.



## Medicare ACOs in 2018

Medicare ACOs can participate in the Shared Savings Program or other ACO initiatives developed by CMMI but most were participating in the Shared Savings Program in 2018. Of those, most agreed to follow the Track 1 option.

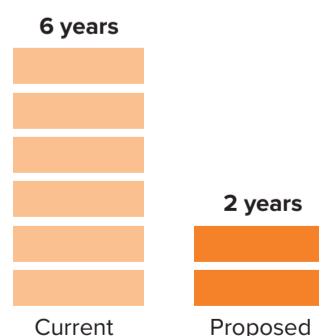


## Key changes proposed in the “Pathways to Success” rule

### Financial risk accountability

Lowers the amount of time ACOs do not assume any financial risk from six years to two years.

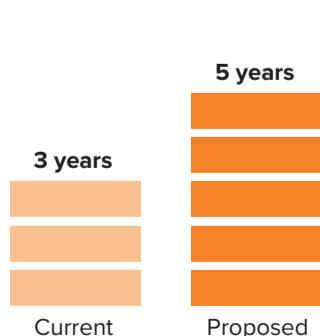
### Time limit for no risk of losses



### Agreement periods

Lengthens the amount of time ACOs can agree to participate in the program from three years to five years.

### Duration of program participation agreement



### Participation options

Lowers the number of risk participation options from three to two — a “Basic” track with a steadily increasing level of risk, and an “Enhanced” track that accelerates the level of risk immediately.

**BASIC TRACK:** ACOs share savings, not losses, for up to two years and gradually carry higher levels of risk during the next three years. By the fifth year, they may qualify as an Advanced Alternative Payment Model, which allows them to receive incentive payments for taking on more risk.



**ENHANCED TRACK:** ACOs in this participation option would take on the same amount of risk for all five years of the agreement period at a level that is higher than the maximum level of the basic track, immediately qualifying them for Advanced Alternative Payment model status.



Sources: Health Affairs Blog, cms.gov

By Cristina Rivero, POLITICO Pro DataPoint