Press Release

Headline: National Association of ACOs Comments on CMS Proposed Medicare Rules

Source: National Association of ACOs

December 1, 2014, Washington DC

The National Association of ACOs is pleased CMS has released the new proposed rules for the Medicare Shared Savings Program (MSSP). We know there has been a conscientious effort by CMS, OMB and the White House to address the many concerns that the current 330 ACOs have with the program requirements. NAACOS has numerous times pointed out that the current balance between risks and rewards is not a sustainable business model for the long-term. ACOs have demonstrated in the first 20 months of the program a uniform and substantial improvement in the quality of care for Medicare beneficiaries. Medical Groups and Hospitals have accomplished this with a large investment of their own capital and operating funds totaling almost a $1 billion to date. ACOs have received in return for that investment less than 25%, and ¾ of the ACOs have received no financial return for their investment. Two-thirds of the ACOs have stated they will not stay with the program for the next contract term if there is not an improvement in the program.

NAACOS is both pleased and disappointed with the CMS proposal. We are pleased CMS wants input to fix the instability of the financial benchmarks and the unfairness of the risk adjustment methodologies. Also, we are pleased to see increased recognition of services from non-physician providers like Physician Assistants and Nurse Practitioners in the assignment algorithm and that CMS is improving the process for beneficiaries to opt-out of their data sharing. Finally, we are pleased CMS will look at a number of different benchmarking models for a new 2-sided prospective track but we hope they will also consider changes to the 1-sided track benchmarking.

The ACO program is very complex as exemplified in the 428 pages of proposed changes to the rules and our initial review indicates that while some of our recommendations have been taken to heart by the government, overall we believe what is being proposed will not sustain the program for future years. Most disappointing is that ACOs, who elect to stay in the program for 3 more years under the 1-sided risk track, will have a reduced sharing formula of 40-60 instead of 50-50. In each subsequent contract term their savings share is reduced another 10%. We commend CMS for extending the 1-sided program but the facts are (1) only 25% achieved savings so far, (2) in future years over 90% of the ACOs that achieve savings will have them reduced substantially by the quality scores and (3) in

subsequent contract years their share of savings will be reduced further. This combined effect will not sustain the 1-sided program and result in sufficient success for ACOs to convert to 2-sided. We are further disappointed that CMS is proposing a prospectively aligned MSSP track that is only 2-sided risk. We have proposed and supported a prospective alignment track but believe it should start as 1-sided and transition to 2-sided similar to the Pioneer program.

We have recommended a number of other improvements to the 1-sided ACO program including (1) giving the Medicare beneficiary the option to choose to receive their care in an ACO not just be statistically assigned by the CMS computers, (2) waiving copayment for primary care and chronic care management so there are no financial barriers to care in an ACO, (3) providing for more flexible Home Health benefits, (4) allow ACOs to utilize tele-health services in all geographies and (5) waive the 3-day hospital requirement for SNFs so beneficiaries can benefit from the appropriate level of care. Unfortunately, many of these were proposed by CMS but only for the 2-sided program. Currently only 2% of ACOs have elected the 2-sided risk program so helping them does little to sustain the 1-sided program and by not applying them to the 1-sided program will diminish the number of successful 1-sided ACOs and thereby reduce the number of ACOs converting to 2-sided risk. If these changes are so good for the 2-sided, why not also allow them for the 1-sided?

In summary, we have argued that for any 2-sided ACO program to succeed there must be a sustainable business model for the 1-sided track first. Most providers will not opt for a 2-sided track without a positive experience in a 1-sided program. Further, since CMS is receiving substantial savings from the 1-sided ACOs, why is it so important to push everyone to the 2-sided tracks? The proposed rules largely focuses on improving the 2-sided model and even offer a new 2-sided track but do not substantially improve the 1-sided ACO model. CMS has missed addressing the fundamental problem with MSSP and the proposed rules will not result in a nationally sustainable ACO program.

"NAACOS still believes that accountable care organizations are still the most promising market-based solution to improving quality and lowering healthcare costs and we hope to work with the Administration and Congress to make further adjustments to the program so that more ACOs can financially succeed and will grow in numbers", commented Clif Gaus, CEO.