

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Room 352-G
200 Independence Avenue, SW
Washington, DC 20201



CMS NEWS

FOR IMMEDIATE RELEASE
December 1, 2014

Contact: CMS Media Relations
(202) 690-6145 | press@cms.hhs.gov

CMS releases new proposal to improve Accountable Care Organizations

Shared Savings Program Proposed Rule reflects focus on primary care and improved incentives for participation, quality, and efficiency

The Centers for Medicare & Medicaid Services (CMS) today released a proposal to strengthen the Shared Savings Program for Accountable Care Organizations (ACOs) through a greater emphasis on primary care services and promoting transitions to performance-based risk arrangements. The proposed rule reflects input from program participants, experts, consumer groups, and the stakeholder community at large. CMS is seeking to continue this important dialogue to ensure that the Medicare Shared Savings Program ACOs are successful in providing seniors and people with disabilities with better care at lower costs.

CMS Administrator Marilyn Tavenner said, "This proposed rule is part of our continued commitment to rewarding value and care coordination – rather than volume and care duplication. We look forward to partnering with providers and stakeholders to continuously refine and improve the Medicare Shared Savings program."

Through the Affordable Care Act, ACOs encourage doctors, hospitals and other health care providers to work together to better coordinate care when people are sick and keep people healthy, which helps to reduce growth in health care costs and improve outcomes. ACOs become eligible to share savings with Medicare when they deliver that care more efficiently while meeting or exceeding performance benchmarks for quality of care.

The Shared Savings Program now includes more than 330 ACOs in 47 states, providing care to more than 4.9 million beneficiaries in Medicare fee for service. Recently, CMS announced first year Shared Savings Program (SSP) results:

- 58 SSP ACOs held spending below their benchmarks by a total of \$705 million and earned shared savings payments of more than \$315 million.
- Another 60 ACOs had expenditures below their benchmark, but not by a sufficient amount to earn shared savings.

[Other Affordable Care Act initiatives](#) to improve care and reduce costs have helped reduce hospital readmissions in Medicare by nearly 10 percent between 2007 and 2013 – translating into 150,000 fewer readmissions – and quality improvements have resulted in saving 15,000 lives and \$4 billion in health spending during 2011 and 2012.

CMS is seeking comment on a number of adjustments to improve the Medicare Shared Savings Program, including:

- **Providing more flexibility for ACOs seeking to renew their participation in the Program.** Many ACOs elect to enter the Program under a one-sided risk model, where the organization participates in shared savings with the Medicare program, but does not take on additional performance-based risk. More experienced ACOs that are ready to share in financial losses in return for the opportunity for a higher share of savings may elect to enter a two-sided model. CMS is proposing to give ACOs the option of a longer lead time to transition to a two-sided performance risk model after their first agreement period. ACOs would have the opportunity to renew under the one-sided model for one additional agreement period. ACOs that enter the Shared Savings Program under the two-sided performance risk model would see no change.
- **Encouraging ACOs to take on greater performance-based risk and reward.** CMS is proposing to create a new two-sided risk model, called “track 3,” which integrates some elements from the Pioneer ACO model, such as higher rates of shared savings and prospective attribution of beneficiaries - a list of assigned beneficiaries provided at the start of the performance year, and no further beneficiaries will be added to the list during the performance year.

We are seeking comments on a number of care coordination tools that would make two-sided performance risk models more attractive to ACOs such as expanded use of telehealth, beneficiary attestation, and more flexibility around post-acute care referrals to help ACOs better coordinate care for beneficiaries using these services. These tools could all help encourage participating providers to improve quality and care coordination for Medicare beneficiaries, which in turn would result in better patient experiences and greater shared savings for both the ACO and the Medicare program.

- **Emphasis on primary care.** CMS proposes to refine the way Medicare beneficiaries are assigned to an ACO to place greater emphasis on primary care services delivered by nurse practitioners, physician assistants and clinical nurse specialists and to allow certain specialists not associated with primary care to participate in multiple ACOs.
- **Alternative methodologies for benchmarks.** CMS seeks comment on alternative methodologies that would make ACO benchmarks for determining shared savings and losses gradually more independent of the ACO’s past performance and more dependent on the ACO’s success in being more cost efficient relative to its local market. For example, we are considering whether shared savings received by an ACO should be added back to the benchmark in future performance periods.
- **Streamlining data sharing and reducing administrative burden.** CMS proposes to streamline the process for ACOs to access beneficiary claims data necessary for health care operations such as quality improvement activities and care coordination while retaining the opportunity for

beneficiaries to decline to have their claims data shared with the ACO.

A fact sheet with more information about the proposed rule is available at: <http://cms.gov/Newsroom/>
The proposed rule will be open to a 60-day comment period. The proposed rule is available for viewing at:

[http://www.ofr.gov/\(X\(1\)S\(tofvuj12vvyo3oiwkp3jklN3\)\)/inspection.aspx?AspxAutoDetectCookieSupport=1](http://www.ofr.gov/(X(1)S(tofvuj12vvyo3oiwkp3jklN3))/inspection.aspx?AspxAutoDetectCookieSupport=1)

Comments may be submitted at: <http://www.regulations.gov/>

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