

May 30, 2019

The Honorable Alex Azar  
Secretary  
US Department of Health & Human Services  
Hubert H. Humphrey Building  
200 Independence Avenue SW  
Washington, DC 20201

Re: Permanence for the Next Generation Accountable Care Organization (NGACO)  
Model

Dear Secretary Azar:

The undersigned organizations write to encourage the Department of Health and Human Services to expand the duration and scope of the NGACO model to be a permanent, voluntary offering in the performance-based risk model portfolio beginning with the 2021 performance year. Participants in the NGACO model have demonstrated success in terms of controlling costs for Medicare and improving care for seniors. Extending the availability of this model will allow additional providers to pursue the transition to improved care outcomes and greater levels of financial accountability.

We believe there is sufficient evidence of the model successfully meeting the criteria under Section 1115A authority to expand its duration and scope of participation. However, we call on the agency to begin the work of incorporating the most successful features of the NGACO program into Pathways to Success immediately through regulation (as the agency did with the Pioneer ACO program).<sup>1</sup> Making this option available for future participation will support a smooth transition into performance-based risk arrangements for more providers while also building on the lessons learned from successful Innovation Center pilots.

NGACOs have demonstrated that the model saves money and improves quality. For example, program participants achieved net savings to Medicare of \$62.12 million in the program's first year and again produced savings of over \$164 million across 44 participants in 2017 based on industry calculations of Centers for Medicare & Medicaid Services (CMS) data while we await the public release of the 2017 evaluation report.

The program is also improving care for patients, which is central to the goals of delivery system reform. The CMS first year model evaluation report demonstrates that NGACO participants significantly improved utilization and quality of care, including specifically citing a nearly 12 percent increase in aligned beneficiaries with an annual wellness visit relative to the comparison

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<sup>1</sup> The Pioneer ACO program was incorporated into Track Three of the Medicare Shared Savings Program prior to the public release of its second year evaluation report and prior to being publicly certified for expansion.

group as proof of improved quality.<sup>2</sup> At the same time, NGACOs have also focused on improving care management for Medicare beneficiaries, including coordinating care across providers and settings, managing care transitions and improving beneficiary engagements. Many NGACOs have built infrastructure and made significant investments in redesigning care delivery for their patients.

Key elements of NGACO that make that program a success, including prospective benchmarking; 100 percent risk/reward opportunity; and flexible payment models are not currently available in Pathways to Success. Furthermore, making the NGACO model design more broadly available aligns with the agency's goals of building a model portfolio to allow providers who are ready to move to higher levels of financial and clinical accountability. Creating a permanent NGACO offering, while simultaneously building on its success by further defining Direct Contracting options, will create opportunities for a broad range of providers to enter higher level risk arrangements.

We share your commitment to creating a healthcare system that delivers high quality, coordinated care to all patients. We believe that models that have been tested and proven to reduce cost and improve quality should be given an expanded role in traditional Medicare, which will help facilitate the transition of more providers to an accountable care environment. We appreciate your consideration of this request.

Sincerely,

American Academy of Family Physicians  
American College of Physicians  
AMGA  
America's Physicians Groups  
Health Care Transformation Task Force  
Medical Group Management Association  
National Association of ACOs  
Next Gen ACO Coalition  
Partnership to Empower Physician-Led Care  
Premier

CC:

The Honorable Seema Verma  
The Honorable Adam Boehler

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<sup>2</sup> NORC, First Annual Report, Next Generation Accountable Care Organization (NGACO) Model Evaluation (August 2018), available at <https://innovation.cms.gov/Files/reports/nextgenaco-firstannrpt.pdf>.