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Welcome to "Washington Update," (formerly Healthcare on the Hill) APG's new weekly e-newsletter on the latest health care happenings affecting APG members in the nation's capital. Know someone who may enjoy receiving it? **Forward this email and have them [click here](#) to be added to the subscription list.** And remember to visit [APG's website](#) for more news and resources, or contact a member of APG's Washington, DC policy and communications team below.

Matt DoBias
Vice President, Congressional Affairs
mdobias@apg.org

Jennifer Podulka
Vice President, Federal Policy
jpodulka@apg.org

Garrett Eberhardt
Executive Director, Medicaid Policy
geberhardt@apg.org

Greg Phillips
Director of Communications
gphillips@apg.org

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APG to CMS: Create More Accountability in Medicare Advantage

Responding to CMS's broad request for information on the Medicare Advantage (MA) program, [APG urged the federal government](#) to apply the same goals it seeks in the traditional Medicare program, and to ensure that MA enrollees are truly in "accountable" relationships with their providers.

“At its best, Medicare Advantage is a major force in the transition from volume to value, with some evidence suggesting that MA performance exceeds even that of alternative payment models in traditional Medicare that are transitioning away from fee-for-service payment,” **APG President and Chief Executive Susan Dentzer** noted in its response. But she noted that, given the heterogeneity of MA plans across the country, enrollees are not always in accountable relationships in which their clinicians are fully responsible for quality and costs. APG members believe that state can best be achieved when health plans delegate full risk to clinical teams, which are then in the best position to improve patient care, quality, innovation and access. She urged CMS to develop incentives to push plans in that direction, such as by including a measure of risk delegation in the MA Star ratings.

APG also made numerous other recommendations to the agency, including that it allow clinicians who take on risk in MA a freer hand in tailoring specific benefits for marginalized patients; allow telehealth to count toward fulfillment of some network adequacy requirements; and develop a more granular understanding of anti- and pro-competitive dynamics across MA markets.

APG’s response is just the opening in what will be a highly visible, vocal, and informed advocacy and policy campaign to reshape the program in the coming years.

Prospective Benchmark Reductions Worry ACO REACH Participants

The always-problematic issue of measuring actual expenditures against spending benchmarks is cropping up again in the ACO REACH model, members of APG’s ACO REACH coalition have told the CMS Innovation Center (CMMI). In this instance, two concerns are paramount.

The first involves the so-called Retrospective Trend Adjustment (RTA) factor, which is used to adjust the spending benchmark that CMMI sets for a given performance year based on projections by CMS actuaries. When observed expenditures differ from the original projected expenditures, the RTA is adjusted upward or downward as needed. For the third quarter of 2022, the RTA has been calculated at 10 percent, which means that the spending benchmark for that quarter will be adjusted downward by that amount.

In the end, when it comes time for CMMI to make its final calculations, it will be the full-year trend that matters, not a single-quarter adjustment. But if future downward adjustments in the benchmark continue at or near this rate, the result could dramatically reduce the shared savings amounts that participants in the ACO REACH model can achieve for 2022.

The second concern is the so-called equity benchmark. In reality, this “benchmark” is a set of adjustments in payment designed to funnel more money upfront to ACO REACH participants that serve substantial numbers of Medicare beneficiaries in underserved areas. To be “budget neutral” insofar as federal expenditures go, any increases in payment are offset by reducing comparable payments to ACOs whose members are less likely to be in those underserved areas.

Although the payment adjustments are relatively small, some ACO REACH participants are concerned about the downward adjustments in particular, as well

as about the underlying calculus that CMMI uses to determine what is an underserved area.

APG's ACO REACH Coalition will stay active in its advocacy with CMMI on these issues, and is exploring policy alternatives to bring to the agency for its consideration.

Eleven APG Members, Sponsors Provisionally Accepted into ACO REACH
[Eleven APG members and sponsors](#) are among the group of 110 organizations that CMMI announced last month that have been provisionally accepted into the ACO REACH program for 2023. Two of these organizations, agilon health and Iora-One Medical, also participated in the earlier phase of the program, known as Global and Professional Direct Contracting (GPDC). All of these groups now join the 15 APG members who also participated in the earlier phases of GPDC. CMMI has signaled that this will be the final cohort admitted to the program, which will run through December 2026.

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