

AMERICA'S
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WASHINGTON UPDATE



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Welcome to "Washington Update," the weekly e-newsletter on the latest health care happenings in the nation's capital that affect APG's members.

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ACO Participation Numbers Suggest Major Push Needed to Meet 2030 Goal

With roughly 1 in 3 enrollees in the traditional Medicare program now a part of accountable care organizations, CMS faces a push to meet its goal of having all Medicare enrollees – and most Medicaid enrollees as well – in accountable care relationships by 2030. Recently released results underscore how hard that effort will be.

CMS this week released data on the number of organizations that will participate in three accountable care initiatives in 2023: the [Medicare Shared Savings Program \(MSSP\)](#), [ACO REACH](#), and [Kidney Care Choices \(KCC\)](#). The number of ACOs in MSSP fell from 483 in 2022 to 456 in 2023, and the number of assigned beneficiaries slipped from 11 million to 10.9 million. Sixteen organizations that had participated in Direct Contracting—the predecessor to ACO REACH—will not continue in 2023. A new cohort of 48 will bring the total number of REACH ACOs to [132](#) for 2023.

Meanwhile, KCC entities, which take responsibility for the quality and cost of care for Medicare beneficiaries with advanced kidney disease or end-stage renal disease, will total [130](#) for 2023.

As it stands, a total of just over 13 million traditional Medicare enrollees are now expected to be in accountable care models in 2023. The number of beneficiaries aligned to the ACO REACH model is expected to grow from 1.8 million to 2.1 million this year. KCC is expected to serve more than 200,000 beneficiaries.

Reaching the 2030 goal now will require moving roughly 4 million more Medicare beneficiaries per year into accountable-care relationships. CMS has implemented program changes that the agency hopes will spur greater growth, both in the number of providers participating in the models and the Medicare beneficiaries aligned to them. For example, the [2023 Physician Fee Schedule final rule](#) introduced several policies to MSSP designed to ease the transition to value-based care for organizations that are inexperienced with taking on financial risk, or that simply need some financial assistance in getting ready to do so.

APG will continue to work with CMS to accelerate the move from fee-for-service to value-based care arrangements and to advance the goal of making accountable care programs viable options for more organizations.

Despite Challenges, ACO REACH Model Continues to Demonstrate Success

Among the [132 organizations](#) that will participate in ACO REACH in 2023 are a number of APG members, as APG noted in a [news release](#) this week. Results continue to show ongoing savings from the model for the nation's taxpayers, along with better quality outcomes relative to the rest of the Medicare program.

[Preliminary CMS data](#), for example, show that average Medicare spending was two percent below the benchmarks set for the Direct Contracting model (now ACO REACH) in the first nine months of 2022. "We also note that, to date, all model participants have achieved 100 percent compliance with quality metrics, and continue to show quality improvements relative to the rest of Medicare," said APG President and Chief Executive Officer Susan Dentzer in a statement. "New CMS data show that, for the 12-month period that ended June 2022, model participants achieved rates of unplanned admissions for patients with multiple chronic conditions that were lower on a statistically significant basis than across all the rest of Medicare – the traditional fee-for-service program, the Medicare Shared Savings Program, and the Next Generation ACO program as well. This result means that thousands of patients involved in what's now the ACO REACH model have been spared unnecessary, costly, and debilitating hospital stays for chronic conditions that can be managed well on an outpatient basis, but that in much of the Medicare program often are not."

The APG member organizations participating in the ACO REACH Model for 2023 include physician practices affiliated with Agilon Health; Bloom Healthcare; CareAllies, Castell, an Intermountain Company; CHES; Collaborative Health Systems; Commonwealth Primary Care ACO; NeueHealth; North East Medical Services; Oak Street Health; OneMedical/Iora Health; Triad Healthcare Network; Reliant Medical Group; UpStream Healthcare; VillageMD, and Wellvana Health.

“We’re proud that so many of our members are moving forward in the ACO REACH model,” said Dentzer. “The 2023 performance year will be key for this model, as participants for the first time are held accountable for pursuing health-equity plans to reduce care disparities across racial, ethnic, and other lines.”

APG continues to discuss various issues that can affect members’ financial performance in the model with top officials at the Center for Medicare and Medicaid Innovation. Members of APG’s ACO REACH Coalition will meet in Washington, DC in February to share their concerns and coordinate on strategy. For more information, please contact Jennifer Podulka (jpodulka@apg.org) and Matt DoBias (mdobias@apg.org) on the APG team.

Next Steps on Debt Ceiling Could Determine Congressional Agenda

Treasury Secretary Janet Yellin this week officially [alerted](#) Congress that the U.S. has reached its debt limit, a situation that triggers mandatory measures to slow federal spending. If not resolved by Congress and the administration, the situation could threaten funding for multiple critical functions of government, including for Medicare and Medicaid.

Conservative Republicans in Congress say that efforts to lift the debt ceiling should be tied to policies that reduce federal spending. The Biden administration and congressional Democrats say the debt limit should be raised and that federal spending should not be held hostage to the move. Until the impasse is resolved, much legislative effort is likely to be tabled. Key congressional health care staff have been told to pare down expectations for acting on any legislation this year.

APG’s Washington team will follow this drama and report on its implications for the APG policy agenda in 2023.

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