POLITICS & REGULATION

Why CMS' Shared Savings proposals matter for ACO growth

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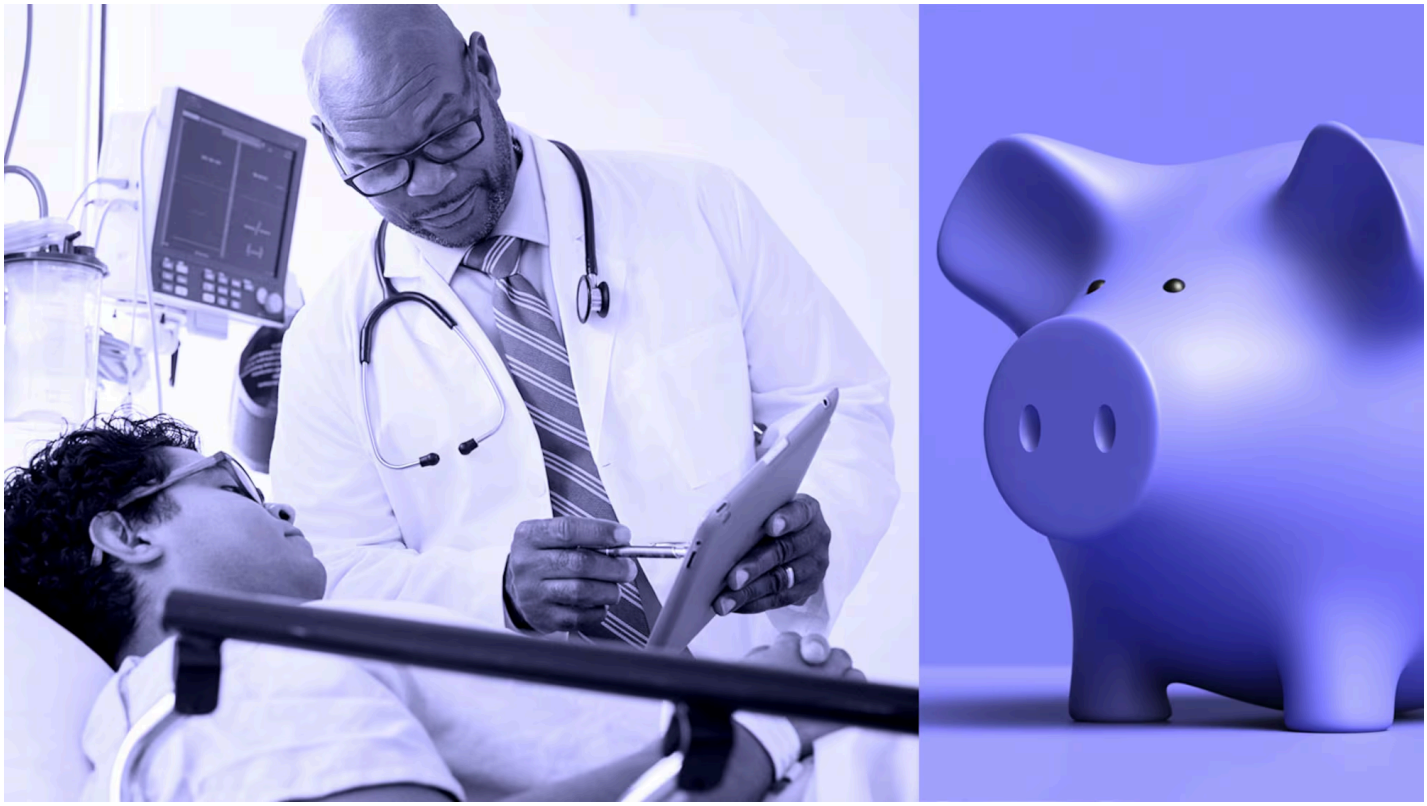

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By **Bridget Early**

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Key Takeaways

- The Centers for Medicare and Medicaid Services proposed updates to the Medicare Shared Savings Program it says will encourage participation.
- Providers and accountable care organizations praised the policies.

- The plan would revise financial benchmarks, strengthen incentives to join ACOs and streamline reporting requirements.

AI-assisted summary, editor reviewed

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The Centers for Medicare and Medicaid Services has devised an array of new policies it hopes will entice more doctors to join Medicare's flagship value-based care program.

Based on the early reception, the agency may be onto something. Organizations representing physicians and accountable care organizations praised the Medicare Shared Savings Program provisions in the Medicare Physician Fee Schedule proposed rule CMS issued last week, even though the centerpiece of the draft regulation is another pay cut.

ACO advocates celebrated that CMS is taking steps to address their longstanding concerns with the Shared Savings Program's financial methodology, alleviate administrative burden and improve the model's predictability in ways that might appeal to newcomers.

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These policies are the latest in an assortment of new value-based care options the agency has debuted over the past two years, including new models and tweaks to existing programs.

"The commitment to expand participation in value-based care is a theme that we've seen consistently, and the menu of options that are available is growing in ways that I

think are also responsive to what the accountable care community and other stakeholders have asked for," said Mara McDermott, CEO of Accountable for Health.

A key element of CMS' plans would answer the recurring complaint that the Shared Savings Program effectively penalizes ACOs with track records of high performance. As the program currently functions, financial benchmarks "ratchet" up each year, making it increasingly difficult for ACOs to reap shared savings over time.

The proposed rule would tackle that criticism in a few ways. For instance, CMS would limit how much a forward-looking factor in ACOs' financial benchmarks changes annually and retrospectively resolve miscalculations from prior years.

CMS also aims to revise the benchmark adjustments for ACOs that participate in different Shared Savings Program tracks, such as increasing a scaling factor that accounts for prior savings when benchmarks are calculated. This would allow ACOs to add 75%, rather than 50%, of previously earned shared savings back into their benchmarks when renewing contracts, which CMS says would help alleviate the ratchet effect.

ACOs could qualify for a proposed benchmark adjustment that would reward them for recruiting new providers and CMS would offer a higher shared savings rate for certain higher-risk participants to encourage them to remain in the program.

The agency would establish an add-on billing code that would reimburse evaluation and care management services at a higher rate for participants in the Shared Savings Program or the Long-term Enhanced ACO Design Model, known as LEAD. The add-on is meant to reward focusing on primary care over time, CMS says. The proposed rule also would permit ACOs to cover some beneficiary cost-sharing obligations.

The agency proposes streamlined quality reporting and new electronic quality measurement requirements.

The rule would make the Shared Savings Program more sustainable, easier for providers and enable ACOs to be more innovative, said Aisha Pittman, senior vice president of government affairs for the National Association of ACOs. The benchmarking updates, for instance, would make the financial factors more consistent and predictable, she said.

The proposed rule prioritizes support for primary care providers, McDermott said. The agency's proposal to reimburse ACOs at a higher rate for longitudinal primary care is something ACOs have sought for a long time, she said.

The revised Shared Savings Program would balance the twin priorities of saving money for taxpayers while strengthening financial incentives for providers, said Susan Dentzer, president and CEO of America's Physician Groups.

"Government savings means the money goes back into the system," Dentzer said. "That's important, but if the government grabs most of it and the ACOs don't get that much out of it, why would they do this?"

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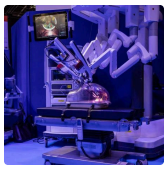

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