IMPACT OF THE NEXT GENERATION ACO MODEL

Steps to build upon model success

The Health Care Transformation Task Force believes that policymakers should build from the successful elements of the Next Generation ACO model and make improvements that will accelerate providers' transition to alternative payment models and investments in transformational delivery system reform.

1. CMS should **recognize the up-front discount** in assessing overall model savings to the Medicare Trust Fund.
2. CMS **should improve upon existing evaluation methodology** to reduce the noise from growing participation in ACOs and other alternative payment models.
3. All alternative payment model evaluations should **disaggregate outcomes by race and ethnicity** to determine disparate impact on different populations and on overall health disparities.
4. Congress should **extend the 5 percent incentive payment for participation in Advanced APMs** and grant CMS greater flexibility to adjust qualifying thresholds to encourage transition to risk-based arrangements.
5. The CMS Office of the Actuary (OACT) should **evaluate the NGACO model for expansion (using the methodology used to assess the Pioneer ACO model)** to become a permanent APM option for additional provider investment and long-term commitment.

The CMS Innovation Center developed the Next Generation ACO Model (NGACO) for accountable care organizations (ACOs) experienced in coordinating care for populations of patients.

The goal of the model is to test whether strong financial incentives for Next Generation ACOs (including downside risk) can improve health outcomes and lower costs for Medicare fee-for-service beneficiaries. The Next Generation ACO qualifies as an Advanced APM, and therefore participants are eligible for a 5 percent bonus payment.

In the first three years of the program, the Next Generation ACO model produced $358M in net savings through improved care coordination for Medicare beneficiaries

- NGACOs achieved five times more savings to the Medicare program per beneficiary than downside-risk ACOs in Medicare Shared Savings Program
- Medicare beneficiaries aligned to NGACOs were significantly more likely to participate in annual wellness visits
- NGACOs have reduced all-cause inpatient admissions by 21 percent and total medical expenditures by 22 percent by implementing complex care management programs
- Savings are automatically generated to Medicare via a discount adjustment incorporated into to each NGACO's benchmark
- "Benefit enhancements" are available for NGACO beneficiaries, including expanded access to telehealth, post-discharge home visits, and cost sharing waivers to improve engagement

While a perfect value-based payment model has not yet emerged, the alternative of fee-for-service remains an outdated system that is costly, unsustainable and fails to put patients first.

Discount Adjustments and Shared Savings Produce Net Savings to CMS

Participants in the NGACO model have demonstrated success in terms of controlling costs for Medicare and improving care for seniors. In 2018, NGACO had a total of 50 participating ACOs covering 1.4 million Medicare beneficiaries and net shared savings to CMS was $21 million; inclusive of discounts, the NGACO model produced 1.11 percent or 184 million in savings in 2018.

Source: CMS Next Generation ACO Financial and Quality Results

Performance Year	Total ACOs	Beneficiaries covered	Net shared savings to CMS	Total savings to CMS, inclusive of discounts	Net savings to CMS as a percent of spending
2019*	37	1,235,931	$97 million	$204 million	3.80%
2018	50	1,399,397	$21 million	$184 million	1.11%
2017	44	1,213,762	$37 million	$164 million	1.18%
2016	18	471,734	$10 million	-	

*Partial results reported by CMMI for 37 of 41 participating ACOs

CMS has published three evaluation reports for the Next Generation ACO model, the most recent covering performance years 1 – 3 of the model (2016 and 2018). The evaluators noted several limitations with their model performance assessments:

1. The CMS evaluation does not incorporate benchmark discounts which ensure savings for CMS.
2. Many NGACOs were already operating under value-based care paradigms.
3. Model participants were in the model too briefly to fully capture impacts on beneficiary care, cost, and quality.
4. The growing footprint of the Medicare Shared Savings Program diminished the impacts of the NGACO model.
5. Increases in participation in other Medicare, Medicaid, and Commercial value-based programs which may be influencing utilization patterns in the comparison groups in ways that are similar to ACOs.

Resource Links

Financial and Quality Results

- Performance Year 1 (2016)
- Performance Year 2 (2017)
- Performance Year 3 (2018)
- Performance Year 4 (2019)

CMS Evaluations

- First Evaluation Report
- Second Evaluation Report
- Third Evaluation Report

Despite promising results, the NGACO model is still in a demonstration phase. Due to the impacts of the COVID-19 public health emergency the model has been extended for one year and is scheduled to end in December 2022. OACT should evaluate the model for expansion as a permanent Medicare program, using the same methodology used to assess the Pioneer ACO model, allowing participants to continue their progress and additional providers to pursue advanced payment model.