POLICY BRIEF

Increase ACO Opportunities for Global Risk

The Medicare Shared Savings Program (MSSP) is the largest federal initiative that promotes accountable care. Accountable care organizations (ACOs) represent groups of clinicians that take responsibility for patients' health outcomes and costs. Evidence from MSSP shows that ACOs taking on downside risk have better cost and quality outcomes, but there is not currently a permanent program for ACOs to bear full risk. ACO REACH – offered by CMMI separately from MSSP – is currently the only full risk option but is scheduled to end after 2026.

ACOs in Downside Risk Achieve Higher Savings and Quality

An analysis of all MSSP ACOs from 2022 and 2024 found that:

- **ACOs achieve greater savings as they take on risk.** ACOs in downside risk achieve nearly double the gross shared savings as those in upside-only models (Figure 1). Our companion brief shows that savings increased as ACOs increased risk exposure across MSSP tracks.[1] Downside risk appears to sharpen organizational focus on cost reduction, accelerating the organizational maturity required to succeed in value-based care.
- **ACOs in higher risk tracks also achieve higher quality scores** (Figure 2). Reduced emergency department visits, avoided admissions, and improved chronic disease management translate into both lower costs and improved patient outcomes. The MSSP results reaffirm the principle that cost and quality are not competing objectives but reinforcing ones, particularly in well-designed value-based incentive programs.

MSSP demonstrates that accountability works, especially when organizations lean into risk, invest in the infrastructure to support it, and remain committed over time to realize its rewards.

Figure 1: ACO Savings by Risk Model

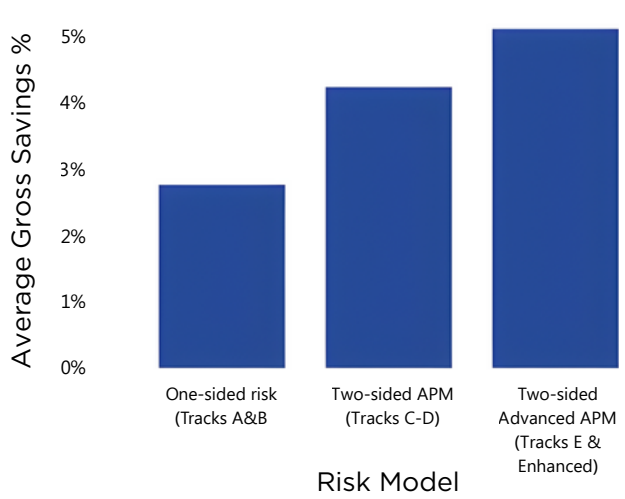
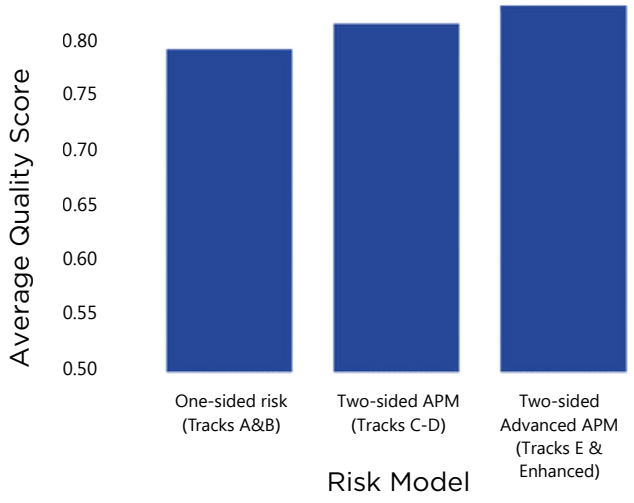


Figure 2: ACO Quality Score by Risk Model



[1] MSSP Risk Tracks: Tracks A & B are upside only; Tracks C & D represent increasing levels of downside risk; Tracks E & ENHANCED are alternative advanced payment models.

Policy Recommendations

As policymakers consider the next generation of ACO programs within both CMS and CMMI, they should support more opportunities for ACOs to bear global risk – with full cost accountability greater than the current ENHANCED track. HCTTF recommends that policymakers:

1. **Create a permanent global risk track in MSSP.** CMS should develop and offer a permanent global risk track within the MSSP program (e.g., total cost of care capitation or population-based payments). ACOs that are ready to take on full risk should also have the option to use capitated payments for both primary and specialty care.

2. **Develop innovative global risk models within CMMI.** The ACO REACH model is currently the only opportunity for ACOs to bear global risk. This model also tests key features not included in MSSP such as sub-capitation opportunities and provider enrollment by TIN-NPI to increase opportunities to curate highly engaged specialty participants. CMS and CMMI should ensure these ACOs have continuity into future global risk models.

3. **Reduce administrative complexity for ACOs in two-sided risk.** CMS should reduce administrative burden for all ACOs by streamlining overlapping reporting requirements and aligning quality measures across models. For ACOs in downside risk, CMS should expand optional waivers that create flexibility and innovation in care delivery. Reducing administrative burden allows ACOs to prioritize clinical transformation over paperwork.

4. **Align MSSP benchmarking methodologies.** CMS should revise benchmarking policies to reward sustained improvement rather than penalize early success. In MSSP, CMS has introduced the Accountable Care Prospective Trend, which aimed to address this ratchet effect, but the predictions have been extremely inaccurate and resulted in inappropriate reductions to ACO benchmarks. CMS must retire this trend and develop new approaches to pay clinicians fairly.

5. **Enhance upfront investment opportunities for rural and high-needs ACOs.** CMS should expand access to upfront, predictable investments for ACOs taking on greater risk, especially those in rural areas and those serving high-cost, high-needs populations.

Based on the strong cost and quality findings on MSSP ACOs in two-sided risk, it is critical that CMS increase opportunities for ACOs to take on global risk to better drive savings and improve patient outcomes. HCTTF looks forward to supporting CMS in these efforts.

Data on the financial and quality performance of ACOs in the Medicare Shared Savings Program (Performance Years 2022-2024) were retrieved from the publicly available datasets provided by the Centers for Medicare & Medicaid Services (CMS). See 'Program Data – ACO Participation and Performance Data' here. HCTTF thanks COPE Health Solutions for the data analysis and visualization.