

ACO Benchmark Changes

The **financial benchmark** is an ACO’s projected level of spending for its patients. The benchmark is unique to each ACO and is determined by historical spending, patients’ relative sickness, and national and regional spending trends. When ACOs spend less than their benchmark, Medicare achieves savings, and the ACO is eligible to earn “shared savings.”

The Medicare Shared Savings Program (MSSP) is the largest and most successful value-based care program in Medicare.

- To date, it has generated more than \$21 billion in gross savings for Medicare and improved the quality of care for millions of patients.
- Despite this success, the Centers for Medicare and Medicaid Services (CMS) has not addressed the “ratchet effect,” where ACO benchmarks are lowered with each new agreement period because they continue to lower costs for their assigned populations.
- Starting next year, CMS is adding a prospective growth rate specific to ACOs called the Accountable Care Prospective Trend (ACPT). This would update MSSP benchmarks annually to account for national spending growth and keep benchmarks realistically attainable.

According to CMS analysis, the ACPT will harm nearly one third of ACOs.

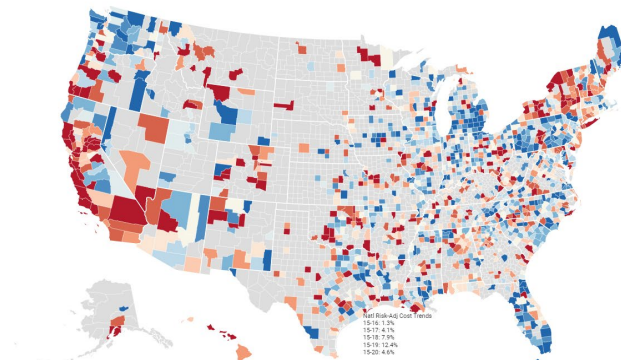
- NAACOS believes a policy that negatively impacts a third of ACOs should be reexamined.
- The ACPT’s national spending trend is not reflective of the spending in an ACO’s region. When an ACO’s regional trend is lower than national inflation (highlighted in blue in the graph below) the ACO would be negatively impacted.
- CMS is proposing to replace the national update factor with the ACPT, effectively lowering the ACPT’s impact and acknowledging its potential adverse consequences.

- While stakeholders are encouraged that CMS is working to improve current MSSP benchmarks and consider a long-term approach for benchmarks, there are inherent challenges that need to be addressed, such as relying purely on a national number.

County Trends Compared to National Inflation from 2015 to 2020 (Larger counties, >3k)

Allows for 1 pp of variation from national trend. If county trend was greater than value of +1, if county trend was lower than national then -1

over for 5 years higher for 5 years



It’s projected that ACOs in states with lower spending growth – indicated in blue on the map – would be punished.

Congress must work with CMS to establish effective ACO benchmark policy changes in MSSP.

- ✓ Provide transparency in benchmark development. All aspects of benchmark development should be able to be replicated by stakeholders.
- ✓ Address the ratchet effect to ensure long-term participation and protect against successful ACOs leaving the program.
- ✓ Establish an appeals and third-party review process to address benchmark disagreements.
- ✓ Account for regional variations in spending to prevent arbitrary winners and losers, including setting regional contributions to what it would be if an ACO was not in a particular market.
- ✓ Study disparate financial policies and beneficiary benefits across Medicare programs (e.g., ACOs and MA) that may impact spending, create inequitable opportunities between programs and lead to provider burden and beneficiary confusion.