

News Release
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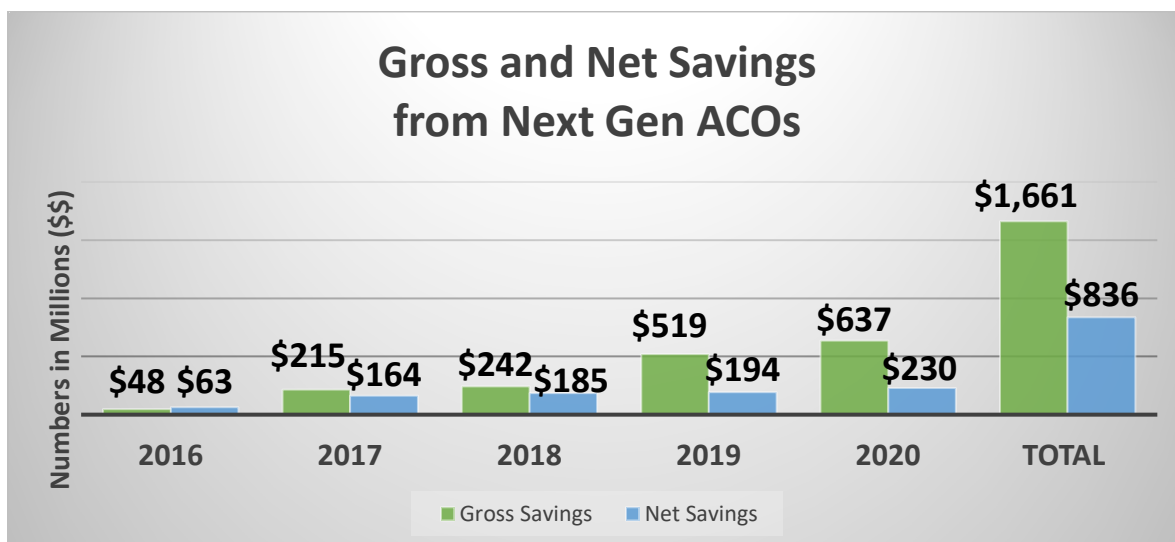
Next Generation ACOs Saved Medicare \$637 Million in 2020

National Association of ACOs Call for the Creation of an ‘Enhanced Plus’ ACO Track

WASHINGTON – Accountable care organizations (ACOs) in the [Next Generation \(Next Gen\) ACO Model](#), Medicare’s most advanced, greatest risk-taking ACO program collectively saved Medicare \$637 million last year, according to 2020 performance data made public today.

Importantly, these 37 ACOs also hit an average quality score of 96.5 percent out of a perfect score of 100, improving care for 1.1 million seniors. After accounting for shared savings paid to ACOs for holding down costs and hitting quality targets as well as shared losses and discounts paid to the government, the Next Gen program netted \$230 million to Medicare in 2020 alone. By comparison, Next Gen ACOs saved Medicare \$519 million in 2019 and netted \$194 million after shared savings and losses. Next Gen ACOs have increased savings every year of the program. Since 2016, Next Gens collectively saved more than \$1.66 billion in gross savings and \$836 million in net savings.

This positive news comes on the heels of the Center for Medicare and Medicaid Services (CMS) releasing its white [paper](#) yesterday detailing the Innovation Center’s vision for the next decade, which calls for all traditional Medicare beneficiaries to be in a care relationship with accountability for quality and total cost of care by 2030. Clif Gaus, Sc.D., president and CEO of the National Association of ACOs (NAACOS), comments, “The impressive Next Gen Model results are the latest illustration of the success of Medicare ACOs, benefiting patients, providers and taxpayers alike. Recent ACO results coupled with an enhanced commitment to accountable care from the Biden administration represent a notable paradigm shift toward achieving healthcare transformation.”



NAACOS was disappointed earlier this year when CMS declined our [repeated requests](#) to extend or make permanent the Next Gen program. With the program due to sunset at the end of this year, NAACOS [continues to advocate](#) that CMS develop a new full-risk option for ACOs under the Medicare Shared Savings Program (MSSP). This “Enhanced Plus” option would advance ACO participation by creating a full risk and capitation option within MSSP, which to date has only been available in Innovation Center ACO models. This new model would also incorporate new benefit enhancements and incentives and create a better middle ground between MSSP and Direct Contracting.

“Many Next Gen ACOs aren’t moving into Direct Contracting and have expressed a desire to have an ACO option that allows them to more gradually move toward capitation without feeling like they’re taking a step backward in their transition to value-based payment models,” said Gaus. “CMS could use its waiver authority under the Innovation Center to create a new MSSP option we call ‘Enhanced Plus,’ much like it did with Track 1+, which was very popular and successful.”

Today’s results compare Next Gen ACO spending to their pre-determined spending targets or benchmarks. The CMS Innovation Center has compared spending of Next Gen patients to that of non-Next Gen patients, but the comparison group includes beneficiaries assigned to MSSP and other Innovation Center models. That flawed comparison undervalues the success of the Next Gen model.

ACOs are groups of doctors, hospitals, and other providers who come together to take accountability for the cost and quality of beneficiaries. They earn the right to share with Medicare the savings they generate if certain spending and quality metrics are met. Results for the 2020 Next Gen ACOs, which compare the year’s spending to pre-set targets, are available in an online [public use data file](#).

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About NAACOS. The National Association of ACOs (NAACOS) represents more than 12 million beneficiary lives through hundreds of organizations participating in population health-focused payment and delivery models in Medicare, Medicaid, and commercial insurance. Models include the Medicare Shared Savings Program (MSSP), Next Generation ACOs, and alternative payment models supported by a myriad of commercial health plans and Medicare Advantage. NAACOS is a member-led and member-owned nonprofit organization that works to improve quality of care, outcomes, and healthcare cost efficiency.