



- # FY2024 Changes to MSSP ACO Benchmarking Policies

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Robert Mechanic, MBA  
Executive Director  
Institute for Accountable Care

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# Agenda

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- MSSP Benchmark Basics
- Context for FY 2024 MSSP program changes
- New policies for FY 2024 and likely impact
- Considerations in making an early renewal decision

# Medicare ACO Program Basics

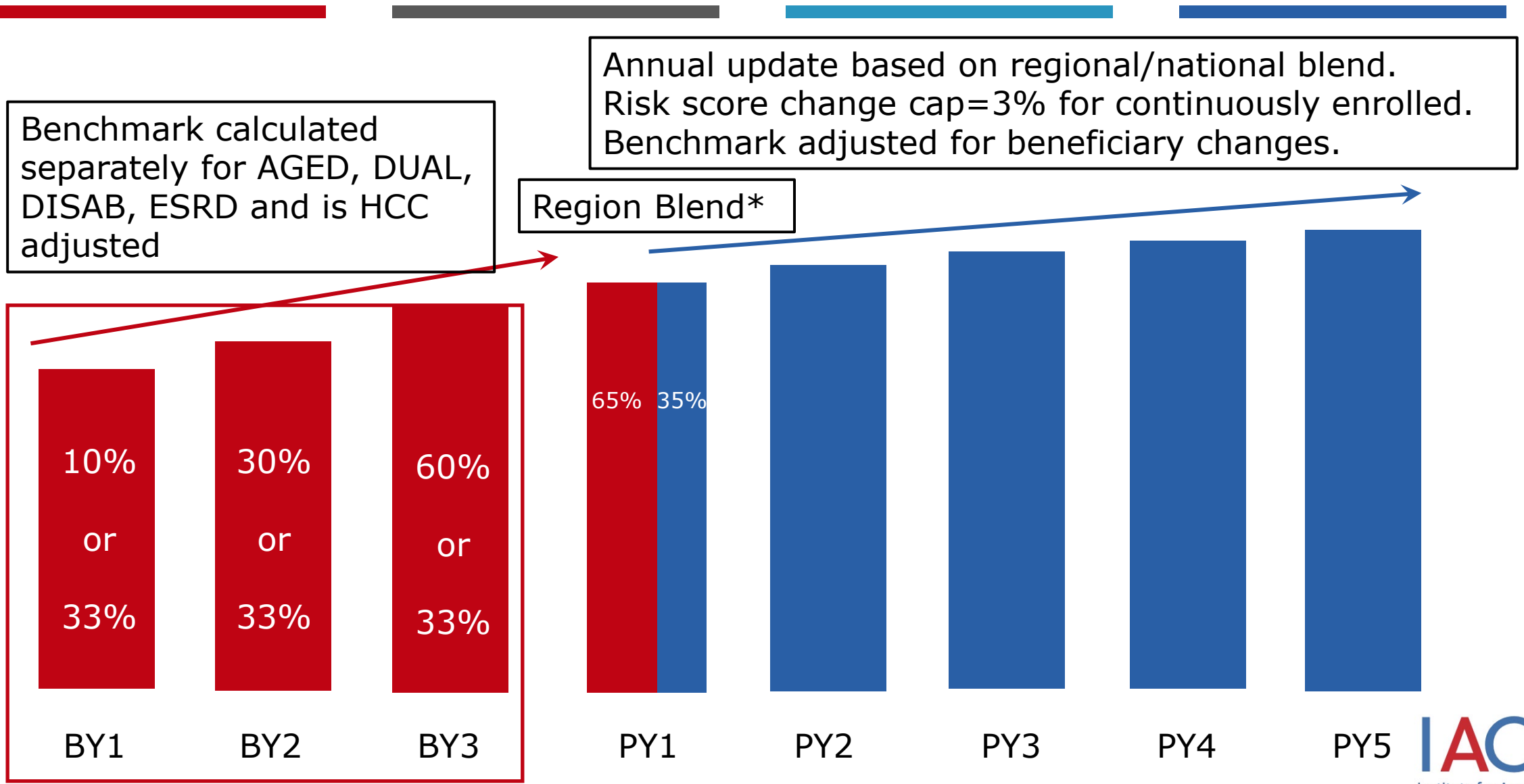
Defined  
Medicare  
Population  
Attributed to  
each ACO

Prospective  
Budget  
for Assigned  
Medicare  
Population

Actual PY  
Spending for  
Assigned  
Medicare  
Population

Shared Savings if Actual Spending is Below  
Prospective Budget  
Subject to Quality Score

# How Are ACO Spending Targets Set Today?

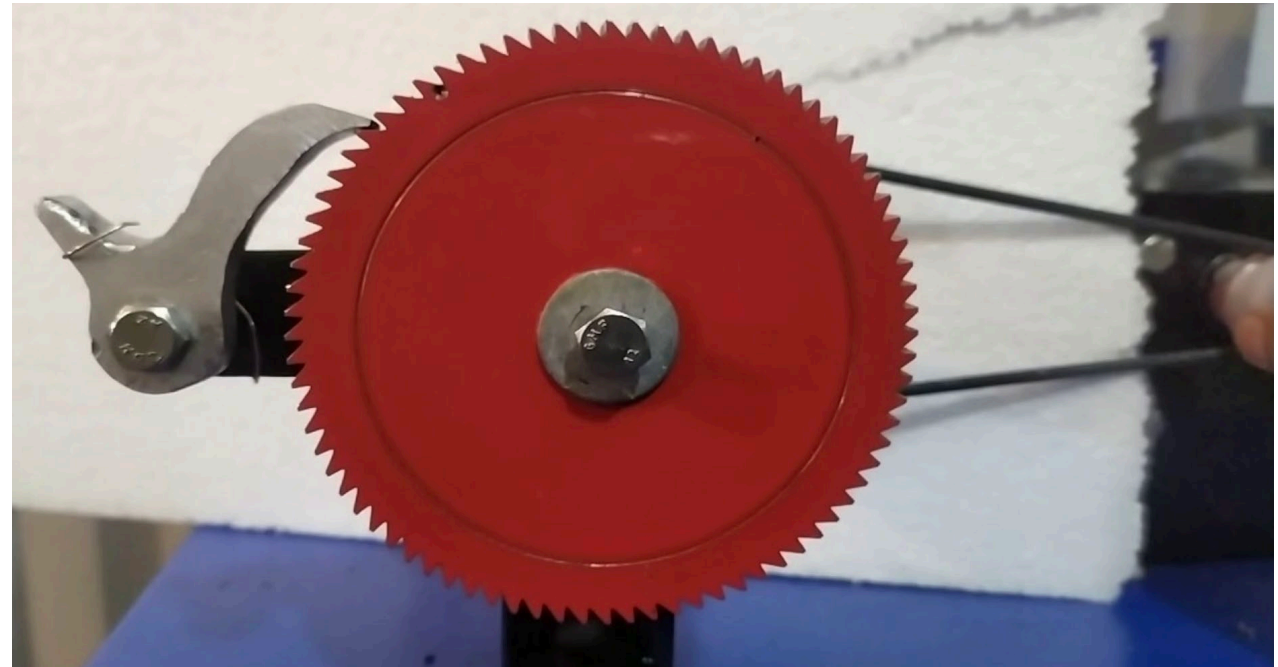


\* Regional share of benchmark is 15% if benchmark is above region average. Regional blend increases to 50% in 2<sup>nd</sup> agreement period.

# Goals of 2024 MSSP program changes

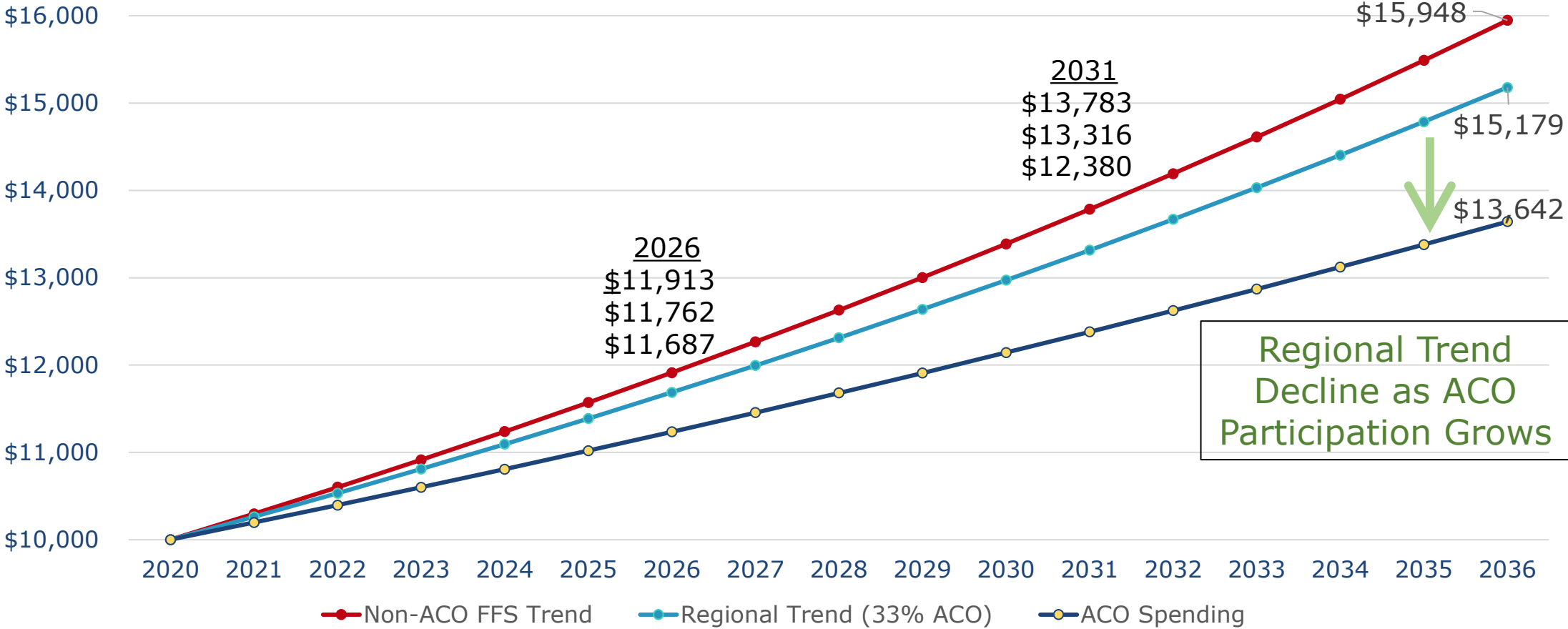
- Attract more participants into Medicare ACOs
- Make the MSSP sustainable for the long run
- Encourage participation by providers in underserved areas

The “Ratchet”  
is a Problem



# Illustration of MSSP Ratchet Effect on Regional Trend

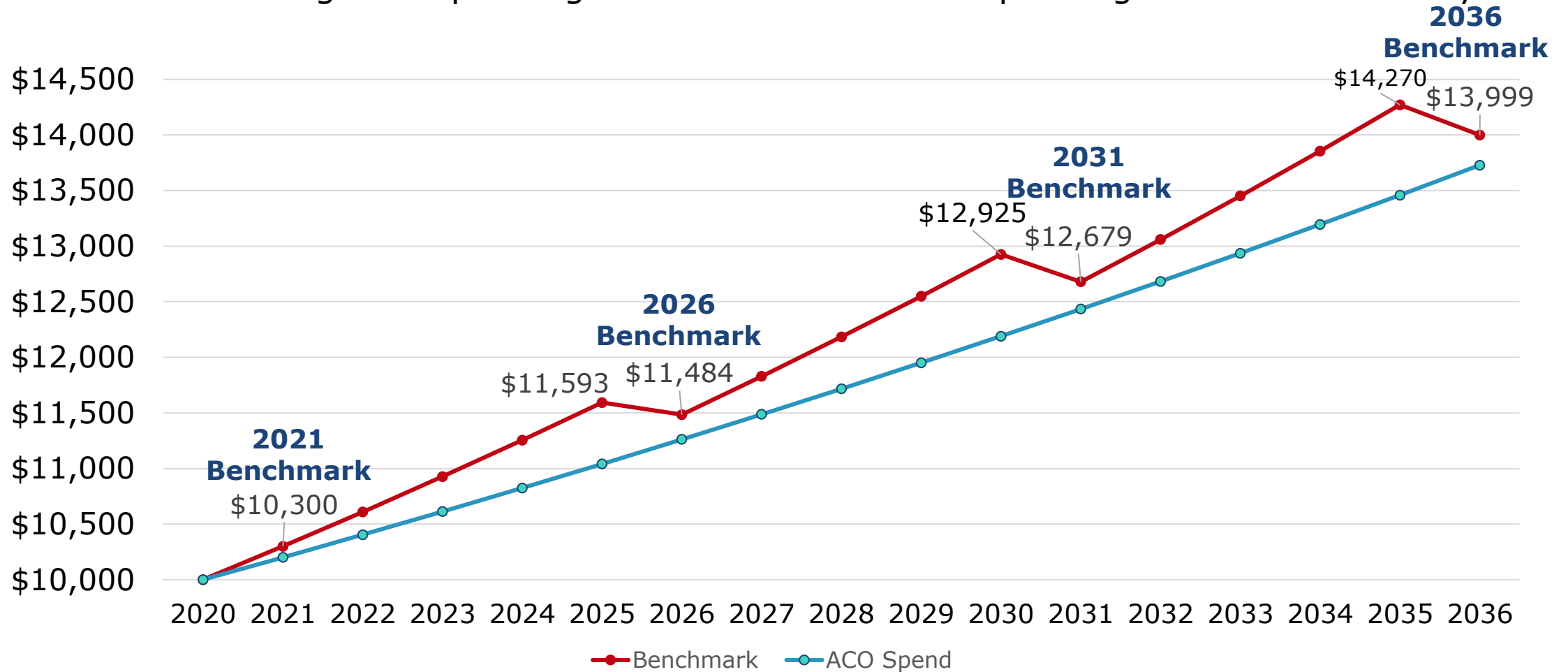
Projected Medicare FFS Spending Grows 3.0% and ACO Spending Grows 2% Annually



Regional Trend Decline as ACO Participation Grows

# Illustration of the Rebasing Effect in Real Dollars

Assumes Regional Spending Grows 3.0% and ACO Spending Grows 2% Annually



# Proposed MSSP Changes for 2024

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**Policy #1:** Shift to a prospective trend factor (ACPT) for annual benchmark updates (Initially applied with one-third weight)

**Goal:** Reduce the downward impact on annual benchmark update factors that result from ACO savings.

**Policy #2:** Add prior savings back to benchmark for new agreement periods

**Goal:** Reduce the downward impact of ACO savings on future benchmarks

**Policy #3:** Relax requirements for downside risk

- New MSSP ACOs w/o prior experience could remain in model for 7 years before downside risk
- Renewing or re-entering MSSP ACOs can remain in Basic Track E

**Goal:** Encourage more providers to enter the MSSP

**Policy #4:** Reduce negative regional adjustment from -5% to -1.5%



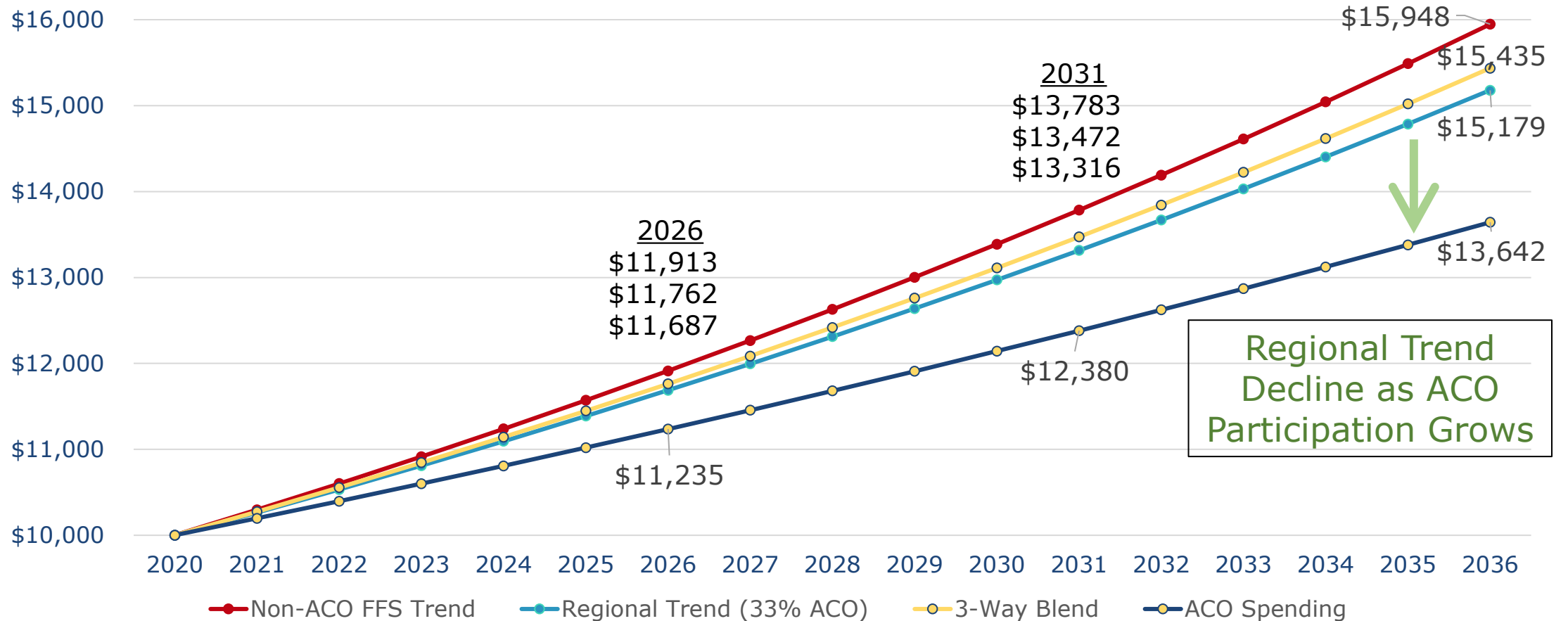
# Applying the Administrative Trend (ACPT)

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- The APCT is a five-year projection of US Medicare FFS spending by the CMS Actuary
  - Similar to the US Per Capita Cost (USPCC) used in MA
- Five-year projection would be annualized
- Three-way blend
  - ACPT receives 1/3 weight (applied as flat dollar amount)
  - Current regional/national blend receives 2/3 weight
- Some guardrails
  - If ACO responsible for shared loss CMS would recalculate losses under the original 2-way blend
  - CMS has discretion to reduce the ACPT weight if unforeseen circumstances (recession, pandemic) change spending trends

# Illustration of the ACPT and 3-Way Blend

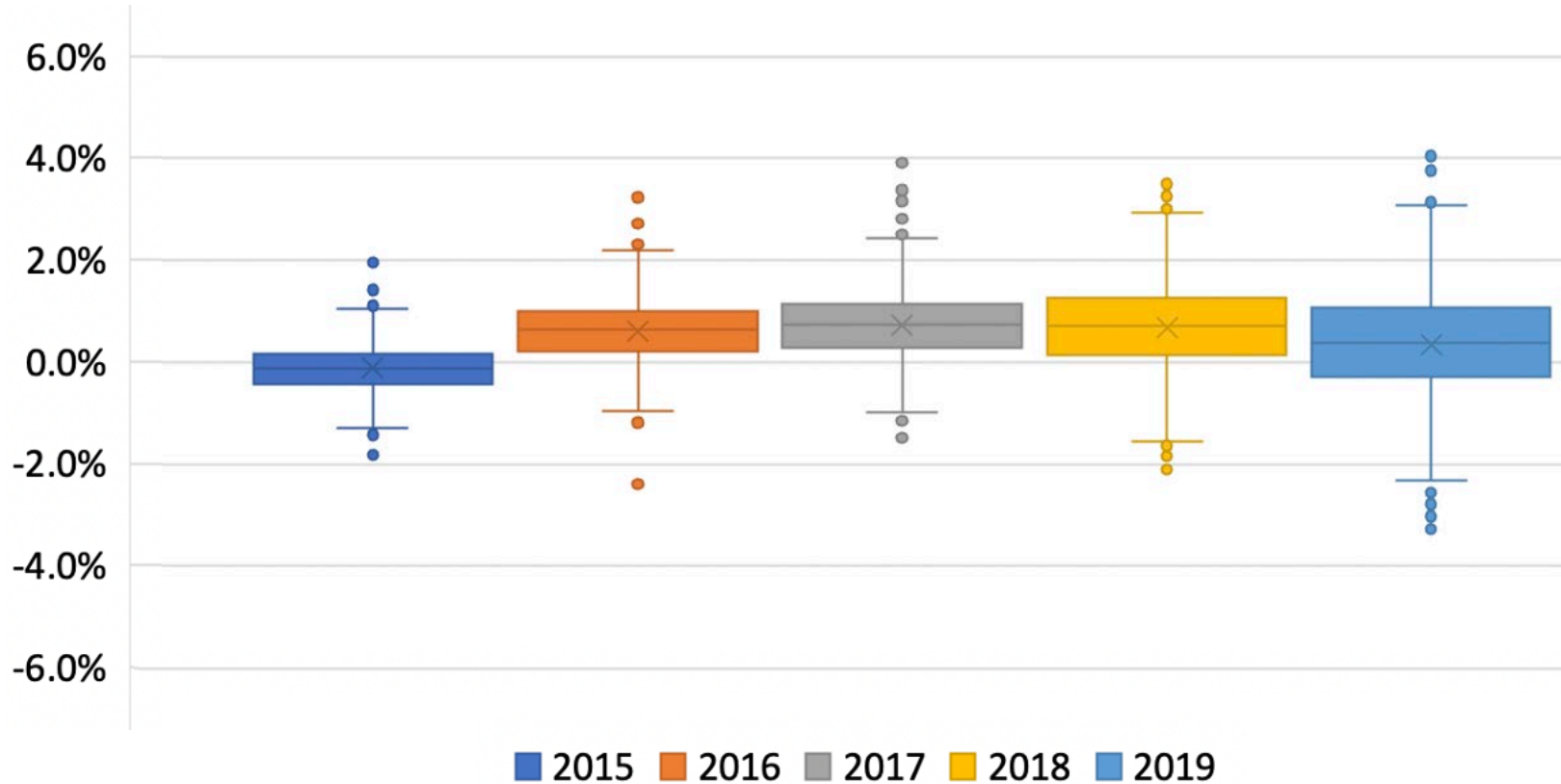
Projected Medicare FFS Spending Grows 3.0% and ACO Spending Grows 2% Annually



Regional Trend Decline as ACO Participation Grows

# Some But Not All ACOs Benefit from ACPT

Simulation Shows Potential Impact of ACPT over Historical Period

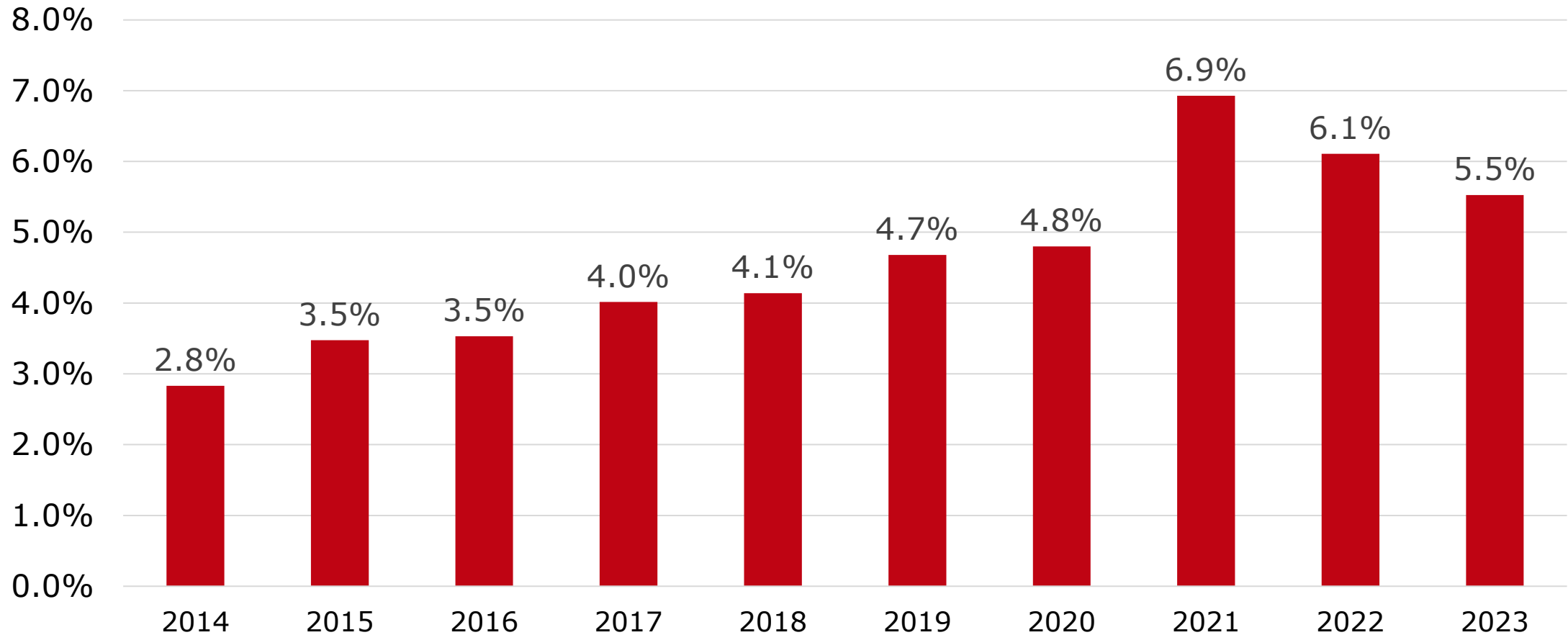


Impact of Administrative Benchmark is Tempered by 3-Way blend

Source: IAC simulation using historical USPCC projections versus ACO regional/national blended trend factor.

# Historical OACT Projections of the Modified USPCC

Average Annual 5-Year Projected Growth Rate



Source: CMS. Specifications of the Accountable Care Prospective Trend and Three-Way Blended Benchmark Update. May 2023

# Renew Now or Wait for a Better Projected Trend?

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- Timing renewal to optimize the ACPT will be difficult
- Potential clues in Medicare Advantage (MA) rate notice
  - FY 2024 notice published at the end of March
  - Includes projected USPCC through 2026
  - Not exactly the same as the ACPT
- Three-way blend limits ACPT impact





# Impact of the Savings Addback

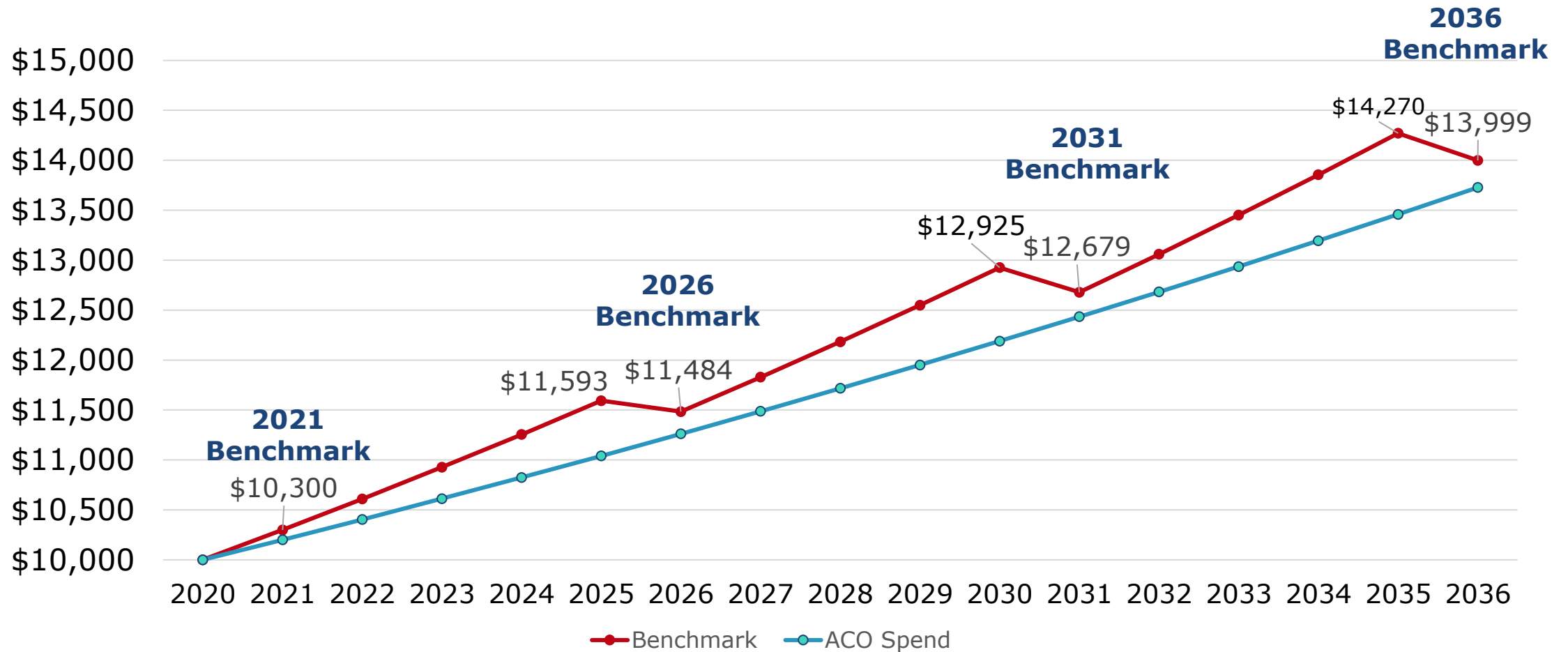
# Applying the MSSP Prior Savings Adjustment

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- Savings addback is based on average PMPY savings in the last 3 years of the prior agreement period
- Total amount limited to number of beneficiaries in prior agreement period
  - i.e., Not increased for growth in if ACO beneficiaries
- ACO could receive adjustment equal to the higher of:
  1. It's positive regional adjustment
  2. 50 percent of ACOs average annual prior savings
- Total adjustment is capped at 5% of national per-capita FFS spending for assignable beneficiaries

# Illustration of the Rebasing Effect in Real Dollars

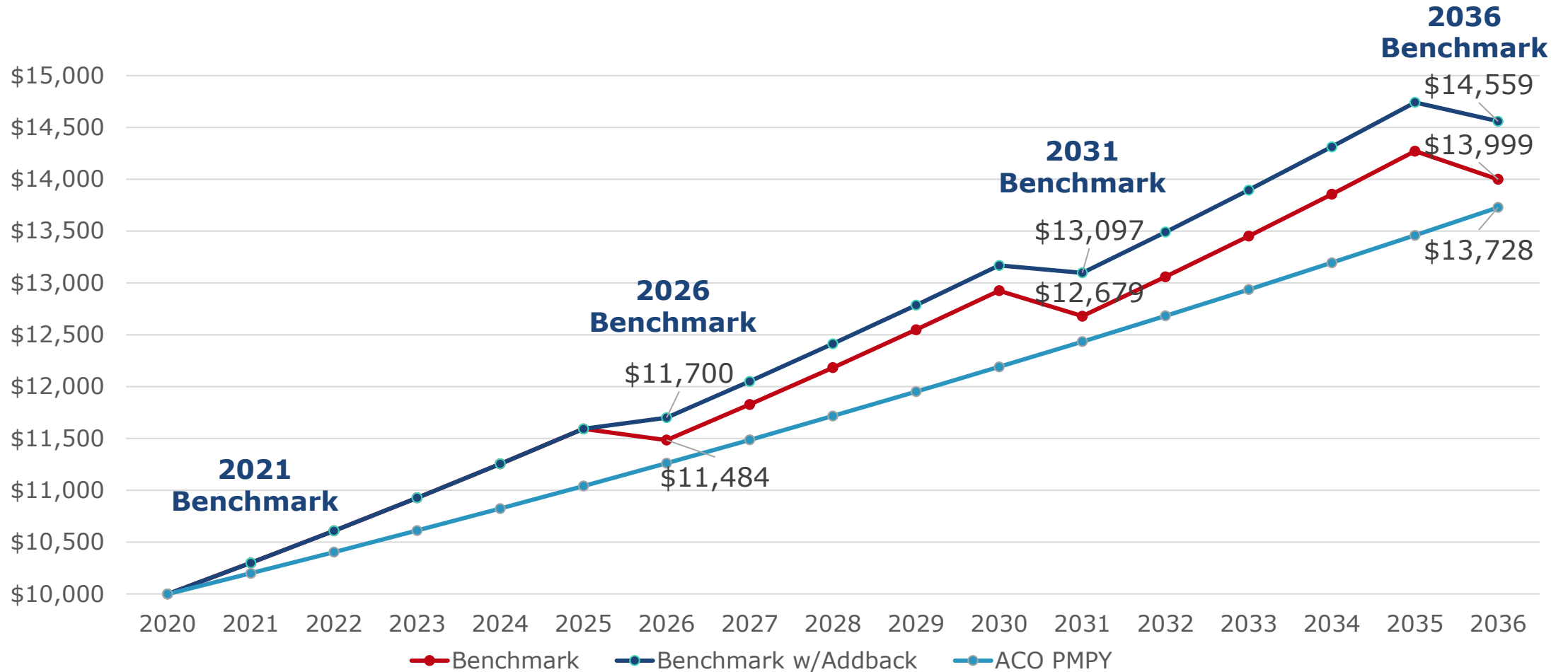
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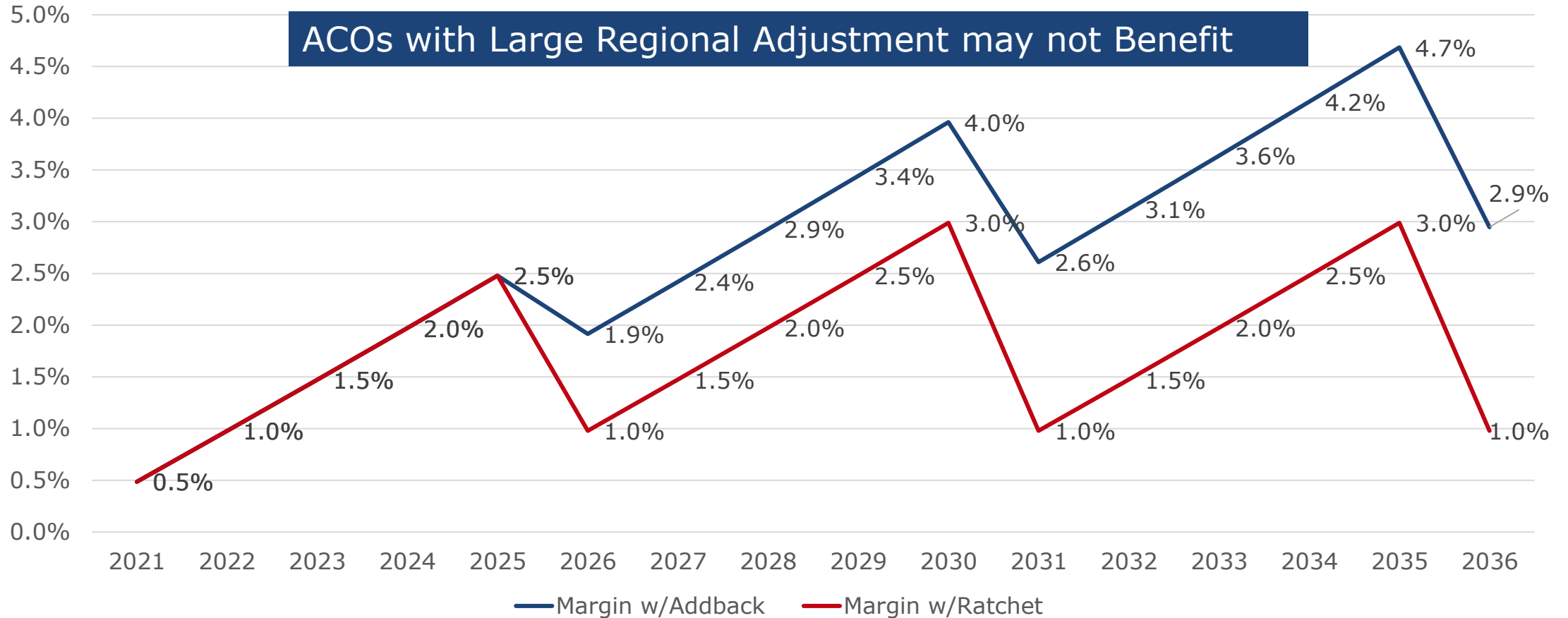
# Illustration of the MSSP Savings Addback

Assumes Regional Spending Grows 3.0% and ACO Spending Grows 2% Annually



# Impact of Savings Addback on ACO Margin

Assumes Regional Spending Grows 3.0% and ACO Spending Grows 2% Annually



# Policy #3: Relax Downside Risk Requirement

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- ACOs inexperienced with performance-based risk:
  - First agreement period: 5 years in Basic Track A
  - Second agreement period: 5 years in the Basic Track
- ACOs in Basic A or B as of 2023 may stay in those tracks for the remainder of the performance period
- Beginning in 2024 participation in the Enhanced Track is optional

# Bottom Line: Will You Benefit From Early Renewal in 2024

<b>New MSSP Policy</b>	
ACPT and 3-Way Blend?	Unknown
Savings Addback 1. If your current savings rate is above prior 3-year avg. savings rate 2. If your current savings rate is below prior 3-year avg. savings rate* 3. If your current regional efficiency is close to 5% 4. If your current regional efficiency is negative and you have prior savings	No <b>Maybe</b> No <b>Maybe</b>
Easing of Downside Risk Requirements 1. If you are in Enhanced Track and Want to Move to Basic E	<b>Yes</b>
Reduce Negative Regional Adjustment from -5.0% to -1.5% 1. If your negative regional adjustment exceeds -1.5 especially if you have prior savings	<b>Yes</b>
If you began a new contract period in 2022 which includes a low BY3 HCC Risk Score	Maybe
Advance Payments to Low Revenue ACOs With Underserved Beneficiaries	NA

**Conclusion: New MSSP Policies Will Benefit ACOs But Only Justify Early Renewal in Certain Circumstances**