



April 22, 2025

The Honorable Dr. Mehmet Oz
Administrator
Centers for Medicare and Medicaid Services
U.S. Department of Health and Human Services

Dear Administrator Oz:

Congratulations on your appointment to lead the Centers for Medicare and Medicaid Services (CMS). On behalf of the National Association of ACOs (NAACOS), I want to extend our support and enthusiasm for working together to advance patient-centered, high-quality, cost-effective care through accountable care models.

NAACOS is a member-led and member-owned nonprofit of more than 500 accountable care organizations (ACOs) in Medicare, Medicaid, and commercial insurance working on behalf of health care providers across the nation to improve quality of care for patients and reduce health care cost. Collectively, our members are accountable for the care of over 9.5 million beneficiaries through Medicare's population health-focused payment and delivery models, including the Medicare Shared Savings Program (MSSP) and Direct Contracting/ACO REACH.

Accountable care has proven to keep Americans healthy by empowering patients and providers with tools to focus on prevention, manage chronic conditions, expand access to services not traditionally covered by Medicare, and reduce overall cost. Since their start, ACOs, the largest alternative payment model (APM) in Medicare, have lowered spending by more than \$28 billion over the last decade.¹ Physicians and other health care providers in ACOs have also consistently outperformed clinicians in non-value-based payment models on quality measures, including preventive care measures.² Specifically, ACOs have demonstrated increased preventive care services and lower hospitalizations, preventable admissions and readmissions. Moreover, these reforms have produced a spillover effect that improves care and lowers costs for patients across the health care system.

This success is built on the innovations in care delivery and operations that are only possible in accountable care. ACOs leverage data and technology, integrating claims and clinical data, for population health improvement and innovative solutions to enhance clinical outcomes. In-depth use of

¹ <https://valuebasedcare.org/wp-content/uploads/2025/02/AAPM-Materials-Legislative-Priorities-Feb2025.pdf>

² <https://www.cms.gov/newsroom/press-releases/medicare-shared-savings-program-continues-deliver-meaningful-savings-and-high-quality-health-care>

data has made ACOs a great steward of the Medicare program, regularly identifying instances of suspected fraud, waste, and abuse. Additionally, the innovation has led to transformative care management approaches that offer personalized solutions to patients to better manage their health. ACOs strengthen the patient-provider relationship with the use of tools that allow providers and patients to make informed clinical decisions right at the point of care. Additionally, other reforms in accountable care help guide patients to appropriate services (e.g., cost sharing waivers) and free providers from some of the regulatory burdens that do not improve care.

Accountable care has been a strong foundation for improving care for patients. We believe there is ample opportunity to build on the decades of success and drive significant improvement in the cost and quality of care delivered to Medicare beneficiaries. We would like to work with you to advance accountable care by:

1. Boosting and retaining competition in health care through sustainable accountable care models.

Accountable care is a provider-led approach for managing the clinical and financial risk of a patient population. Providers can join together to compete for patients by offering novel approaches to care delivery and enhanced services. Since the Trump Administration implemented the Pathways to Success approach in 2019, more than 500,000 clinicians are now participating and bearing downside financial risk for their Medicare patients³ and 53.4 percent of beneficiaries with Traditional Medicare are now in an accountable relationship.⁴ Sustainability of successful models and predictability in financial benchmarks are essential to retaining providers in accountable care. We would like to work with you to ensure a seamless pathway to remain in risk-bearing arrangements for participants in the Direct Contracting (now called ACO REACH) model, restore benchmark policies approaches under the Trump Administration (e.g., removing the prospective trend in MSSP, removing corridors for trends in Direct Contracting), and begin conversations to design long-term improvements to benchmarks that will not penalize providers for past successful performance. Finally, Medicare's advanced APM incentive payments have helped increase participation in downside risk models; expiration of the incentives and sharp increases in the qualifying thresholds will hamper progress. We request your support in working with Congress to develop long-term approaches for ensuring physician payment incents the transition to accountable care.

2. Enhancing patient choice. Accountable care is built on the foundation of the patient and provider relationship. While this approach leads to better outcomes, adoption is not possible for patients without a usual source of care. We would like to improve patient choice in accountable care by working together to educate patients about accountable care, improving voluntary alignment, and exploring approaches that will allow accountable care entities to care for patients without a usual source of care. For example, accountable care entities are interested in designing an option to geographically attribute patients without a usual source of care.

³ <https://www.federalregister.gov/documents/2024/12/09/2024-25382/medicare-and-medicaid-programs-cy-2025-payment-policies-under-the-physician-fee-schedule-and-other>

⁴ <https://www.cms.gov/newsroom/fact-sheets/cms-moves-closer-accountable-care-goals-2025-aco-initiatives>

- 3. Freeing providers from regulatory burdens and driving innovation.** A major nonfinancial incentive for providers to adopt accountable care is freedom from the burdensome Merit-Based Incentive Payment System (MIPS). However, in recent years, CMS has more closely aligned ACO reporting with MIPS, significantly increasing burden and removing incentives. We would like to reverse the increased burden in the accountable care program by adopting quality reporting approaches that leverage ACOs' use of data and technology. Additionally, there is ample opportunity to allow providers to adopt tested or novel innovations. The Innovation Center's accountable care models have identified successful approaches for shifting downstream payments (e.g., capitation) and waiving additional regulatory requirements; these tested approaches should be incorporated into MSSP. Specifically, CMS should provide an opportunity for all ACOs to participate in ACO Primary Care Flex, incorporate all Innovation Center waivers into MSSP, simplify required reporting for waivers, and create an approach for ACOs to recommend and test additional waivers across accountable care models.

CONCLUSION

We are committed to ensuring that accountable care empowers patients with solutions to manage their health while achieving its goals of high-quality, cost-effective care. NAACOS and its members aim to shift the health care system to one that focuses on prevention, wellness, and chronic disease management. We look forward to working with you in your role to advance payment models that enable providers to innovate care and help patients achieve their health goals. Congratulations again on your appointment to lead CMS. We would like to meet with you and our board. We look forward to working together on strategies for accelerating provider adoption of APMs and enhancing performance among current participants.

Sincerely,



Emily D. Brower, MBA
President and CEO
NAACOS