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CMS finalizes rules for Medicare Shared Savings Program

Continued Growth in ACO Program is a Core Component of Delivery System Reform

The Centers for Medicare & Medicaid Services (CMS) today released a final rule updating the Medicare Shared Savings Program to encourage the delivery of high-quality care for Medicare beneficiaries and build on the early successes of the program and of the Pioneer Accountable Care Organization (ACO) Model. This final rule is an effort to provide support for the care provider community in creating a delivery system with better care, smarter spending, and healthier people.

The Medicare Shared Savings Program final rule will both enhance the focus on primary care services and provide additional flexibility in the program, which should grow participation. CMS is making these modifications to the proposed regulations after considering comments received from the December 2014 Notice of Proposed Rulemaking.

“Accountable Care Organizations have shown early but exciting progress in improving quality of care, while providing more patient-centered care at a lower cost,” said CMS Acting Administrator Andy Slavitt. “The ACO rules today strengthen our ability to reward better care and lay the groundwork for more providers to become successful ACOs.”

The final rule issued today improves the program over the proposed rule in a number of areas, including but not limited to:

- Creates a new Track 3, based on some of the successful features of the Pioneer ACO Model, which includes higher rates of shared savings, the prospective assignment of beneficiaries, and the opportunity to use new care coordination tools;

- Streamlines the data sharing between CMS and ACOs, helping ACOs more easily access data on their patients in a secure way for quality improvement and care coordination that can drive critical improvements in beneficiaries' care;
- Establishes a waiver of the 3-day stay Skilled Nursing Facility (SNF) rule for beneficiaries that are prospectively assigned to ACOs under Track 3; and
- Refines the policies for resetting ACO benchmarks to help ensure that the program continues to provide strong incentives for ACOs to improve patient care and generate cost savings, and announces CMS' intent to propose further improvements to the benchmarking methodology later this year.

The Medicare Shared Savings Program was created by Section 3022 of the Affordable Care Act to promote better health for Medicare fee-for-service beneficiaries by encouraging physicians, hospitals, and other health care providers to improve patient health and experience of care and to reduce growth in costs. The program is voluntary and accepts applications on an annual basis in which organizations agree to participate for three years.

Over 400 ACOs are participating in the Medicare Shared Savings Program, serving over 7 million beneficiaries. Early results released last November indicated the Medicare Shared Savings Program ACOs starting in the first two years of the program improved quality of care for beneficiaries, as ACOs improved performance in 30 of 33 quality measures.

According to an independent evaluation report released by CMS earlier this month, the Pioneer Accountable Care Organization (ACO) Model generated over \$384 million in savings to Medicare over its first two years – an average of approximately \$300 per participating beneficiary per year – while continuing to deliver high-quality patient care. The Pioneer ACO Model is the first that meets the tests to have its elements incorporated into other Medicare programs.

ACOs are a part of the Department's broader initiative to create a health care system that results in better care, smarter spending, and healthier people. The Administration earlier this year announced the goal of tying 30 percent of Medicare payments to quality and value through alternative payment models, such as ACOs, by 2016 and 50 percent of payments by 2018.

For more information on the Medicare Shared Savings Program, please visit:

<http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/index.html>.

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