

CMS Welcomes New and Renewing Medicare Shared Savings Program ACOs

On January 18, 2017, the Centers for Medicare & Medicaid Services (CMS) announced 99 new Accountable Care Organizations (ACOs) and 79 renewing ACOs that agreed to join or continue their participation in the Medicare Shared Savings Program (Shared Savings Program) for the next three years. The addition of these new ACOs brings the total number of Shared Savings Program ACOs to 480 serving over 9 million assigned Medicare Fee-For-Service (FFS) beneficiaries which is an increase of 1.3 million beneficiaries as compared to January 1, 2016.

The Shared Savings Program continues to draw support from all regions of the country as well as U.S. territories. Currently, ACOs serve beneficiaries in all 50 states, and the District of Columbia and Puerto Rico. Additionally, rural areas continue to show strong interest in the program, with seven new ACOs serving Medicare beneficiaries in rural areas.

CMS has encouraged ACOs to progress along the performance-based risk continuum and made program improvements to incentivize participation in two-sided performance-based risk arrangements. Beginning January 1, 2017, 42 out of 480 Shared Savings Program ACOs will participate in one of the two-sided performance-based risk tracks (Track 2 or Track 3). An additional six Track 1 ACOs are committed to moving to a performance-based risk track in 2018 under a new provision that allows ACOs a fourth year under their existing agreement if they transition to performance based risk the following performance year. CMS anticipates the number of ACOs selecting two-sided performance-based risk arrangements will continue to increase in 2018 due to the newly announced Medicare ACO [Track 1+ Model](#). Potential incentive payments established via the Medicare Quality Payment Program provide added incentives to ACOs that participate in Advanced Alternative Payment Models such as Tracks 2 and 3 of the Shared Savings Program and the newly announced Medicare ACO Track 1+ Model.

Beginning January 1, 2017, eligible Track 3 ACOs will be able to begin using the new Skilled Nursing Facility (SNF) 3-Day Rule Waiver under the Shared Savings Program. CMS approved 26 Track 3 ACOs and 425 skilled nursing facility affiliates, to use this waiver. The SNF 3-Day Rule Waiver waives the requirement for a 3-day inpatient hospital stay prior to a Medicare-covered extended care services for eligible beneficiaries at a CMS-approved SNF affiliate. The waiver provides ACOs participating in Track 3 with additional flexibility to increase quality of care and better coordinate healthcare services. The 26 Track 3 ACOs that have been approved to use the waiver serve over 767,000 prospectively assigned Medicare beneficiaries who will have access to this new initiative.

Background on the Shared Savings Program

ACOs were created to change the incentives for how medical care is delivered and paid for in the United States, moving away from a system that rewards the quantity of services delivered, to one that rewards the quality of health outcomes. ACOs are groups of doctors, hospitals, and other health care providers who voluntarily come together and share information to develop and

execute a plan for a patient's care, putting the patient at the center of the health care delivery system. ACOs agree to be held accountable for improving the quality of care for their patients while reducing health care costs. ACOs that meet these goals can receive a share of the savings achieved. In addition, under the Quality Payment Program, eligible clinicians that sufficiently participate in Medicare Accountable Care Organization initiatives that are Advanced Alternative Payment Models may qualify for exemption from payment adjustments under the Merit-based Incentive Payment System, as well as additional incentives available beginning in 2019 based on participation in Advanced Alternative Payment Models.

In 2016, CMS made several modifications to the Shared Savings Program through two separate final rules¹ and announced new Model opportunities. The final rules made changes to the Shared Savings Program in order to offer participating ACOs additional opportunities to deliver high quality care and earn shared savings payments, including, but not limited to:

- Establishing a phased approach to incorporating regional FFS expenditures into calculations for resetting, adjusting, and updating an ACO's rebased historical benchmark in its second or subsequent agreement period beginning in 2017 and all subsequent years.
- Adding a participation option to encourage ACOs to transition to two-sided performance-based risk arrangements and provide greater clarity regarding the administrative finality of the program's financial calculations.

In addition, in the Medicare ACO Track 1+ Model, CMS will test a payment design that incorporates more limited downside risk than is currently present in Tracks 2 or 3 of the Shared Savings Program in order to encourage more practices, especially small practices, to advance to performance-based risk, and also allows hospitals, including small rural hospitals, to participate.

Highlights for the Shared Savings Program Starting January 1, 2017

- 99 new ACOs and 79 renewing ACOs, for a total of 480 ACOs. A net² increase of 47 ACOs from January 1, 2016.
- 42 ACOs (9 percent of Shared Savings Program ACOs, up from 5 percent in 2016) are in a two-sided performance-based risk track (Track 2 or Track 3). Specifically, there are 438 Track 1 ACOs, 6 Track 2 ACOs, and 36 Track 3 ACOs.
- ACOs serve over 9 million assigned Medicare beneficiaries in all 50 states, and the District of Columbia, and Puerto Rico.
- 26 Track 3 ACOs are approved to use the SNF 3-Day Rule Waiver. These ACOs have partnered with 425 skilled nursing facility affiliates and serve over 767,000 prospectively assigned beneficiaries.
- More than half of Shared Savings Program ACOs are composed solely of networks of individual practices or group practices, as reported by the ACO.

¹ Medicare Shared Savings Program Revised Benchmark Rebased Methodology, Facilitating Transition to Performance-Based Risk, and Administrative Finality of Financial Calculations (June 2016) and 2017 Physician Fee Schedule (November 2016)

² The net increase reflects the total change of ACOs in the program including not only new ACOs that are joining the program in 2017, but also those that terminated in 2016 and those that chose not to renew their participation agreement. This includes ACOs that have chosen to join other shared savings initiatives, combined with existing Shared Savings Program ACOs, or made other strategic business decisions.

For more details, please reference the Shared Savings Program [Fast Facts](#).

Resources

More information about all ACO initiatives at CMS can be found on the [CMS website](#).

More information about the Shared Savings Program can be found on the [Shared Savings Program website](#).

For a list of the 99 new and 79 renewing ACOs announced today, visit the Shared Savings Program [News and Updates](#) webpage.

For a list of all Shared Savings Program ACOs, ACO Participants, and ACO SNF Affiliates, please visit the [ACOs in Your State website](#).

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