



ACO Primary Care Flex (ACO PC Flex) Model: Financial Methodology Updates and Information

Partial Payment of Prospective Primary Care Payment (PPCP) and Delay of Claims Reductions until July 1, 2025

The start date of claim reductions for primary care services billed by ACO participants for assigned beneficiaries in the ACO PC Flex Model will be delayed until July 1, 2025, and will be applied for dates of service on or after July 1, 2025. The delay in the start of claims reductions is in response to ACO PC Flex applicant feedback and to ensure readiness of payment systems. As a result, the portion of the PPCP corresponding to the County Base Rate and add-on for beneficiaries with FQHC/RHC Focused Care (FQHC/RHC add-ons) will not be paid for otherwise eligible beneficiary months between January and June of 2025.

Payments that will be administered starting January 2025 are as follows:

- Payment of the one-time Advance Shared Savings Payment; and
- Partial payment of the PPCP, including the County Enhancement (where eligible) and the Flex Enhancement with adjustments for risk, primary care outside of the ACO, and trend, as well as the Health Equity Adjustment. These components of the PPCP will be subject to the same retrospective updates described in the request for applications (RFA).

Payment of the full PPCP including the County Base Rate and FQHC/RHC add-ons will commence with the July 2025 payment and will be paid for beneficiary-months between July and December 2025. A national seasonality adjustment will be applied to the County Base Rates and FQHC/RHC add-on amounts to account for partial year payment of these portions of the PPCP in PY 2025.



Preliminary and Updated ACO PC Flex Rate Books

For the ACO PC Flex Model, there will be two rate books for PY 2025 used in payment calculation affecting County Base Rates, FQHC/RHC add-ons, and the County Enhancement. The preliminary rate book, which will be published in August 2024, will use base years 2021-2023 and will be used for PPCP paid between January and June 2025. The updated rate book, expected to be published toward the end of the second quarter of 2025, will use base years 2022-2024 and will be used for PPCP paid between July 2025 and December 2025, with payment rates retroactively applied back to January 2025. Because claims reductions and payment of County Base Rate and FQHC/RHC add-ons will not start until July of 2025, this retroactivity will only apply to the County Enhancement. Other methodological changes may be implemented with the updated rate book to improve payment accuracy and will be detailed in the forthcoming ACO PC Flex Rate Book technical document.

For PY 2025 only, once the updated rate book is implemented, CMS will pay the greater of the two rate books by comparing the sum of the County Base Rate, the FQHC/RHC add-on (where eligible), and the County Enhancement (where eligible) at the beneficiary-month level. This determination of payable rates for PY 2025 will be calculated prior to adjustments for clinical risk, primary care outside of ACO (PCOA), and trend (PCPAT).

We expect there will be an additional updated rate book for use in PY 2026 that will reflect the full CMS-HCC model, version 28, consistent with applications of this model version in MA and the Shared Savings Program if adopted. This rate book for 2026 will use base years 2022-2024 and is expected to be published at the same time as the updated rate book for PY 2025.



Health Equity Adjustment – Treatment in Settlement

A revised version of the [ACO PC Flex RFA Exhibits and Example Calculations Workbook \(XLSX\)](#) has been published to the [ACO PC Flex Model webpage](#) to clarify the treatment of the ACO PC Flex Health Equity Adjustment in financial settlement.

- The entire paid PPCP, including the Health Equity Adjustment, is included in Total Expenditures.
- The Total Enhancement Credit to Settlement after offset for Positive Regional Adjustment and Prior Savings Adjustment does not include the Health Equity Adjustment.
- The Health Equity Credit / (Debit) is equal to the PC Flex ACO's total Health Equity Adjustment for the performance year.
- The Total ACO PC Flex Settlement Credit / (Debit) is the sum of the Total Enhancement Credit and the Health Equity Credit / (Debit). This amount is added to the Earned Performance Payment or Payment Due to CMS before sequestration or recoupment of Advance Shared Savings balance as relevant.

More details on financial methodology, including settlement, is forthcoming. If you are interested in receiving additional information, updates, or have questions about the ACO Primary Care Flex Model, please contact the model team at ACOPCFlex@cms.hhs.gov.

You may contact the ACO PC Flex Model Team at ACOPCFlex@cms.hhs.gov with questions. To stay updated on upcoming model announcements and events, join our ACO PC Flex listserv by [registering your email](#). The [ACO PC Flex Model webpage](#) has additional resources, such as the [Model Overview Webinar](#), [Factsheet](#), and [FAQs](#).