



Medicare Accountable Care Organization Track 1+ Model

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Agenda

- Overview
- Model Design
- Eligibility, Applications, and Agreements
- Learning System and Evaluation Activities
- Resources
- Question & Answer Session



Overview of the Medicare Accountable Care Organization Track 1+ Model

- Medicare ACO Track 1+ Model
- Key Milestones



Medicare ACO Track 1+ Model

- CMS Innovation Center Model designed based on feedback from stakeholders for options to facilitate Accountable Care Organizations' (ACOs') transition to performance-based risk.
 - Lower levels of risk available to qualifying physician-only ACOs and/or ACOs that include small rural hospitals.
- Model based on Shared Savings Program Track 1, but tests a payment design that incorporates more limited downside risk compared to Tracks 2 and 3, as well as elements of Track 3 to help ACOs better coordinate care.

Medicare ACO Track 1+ Model (cont.)

- Available to eligible new Track 1 ACOs, renewing Track 1 ACOs, and Track 1 ACOs within their current agreement period.
- Expands opportunities for clinicians to participate in Advanced Alternative Payment Models (APMs) under the Quality Payment Program.
 - Eligible clinicians in ACOs participating in the Track 1+ Model will have the opportunity to earn the Advanced APM incentive payment.

Key Milestones

Action	Date
Model announcement	December 2016
Detailed Fact Sheet released	January 2017
Annual application cycle for January 1 start date*	May – December 2017
Notice of Intent to Apply (NOIA) submission period	May 1 – May 31, 2017
Application submission period	July 1 – July 31, 2017
Model application review and adjudication	Summer/fall 2017
Model application final dispositions; approved ACOs sign agreements and certify participant lists	Late fall 2017
Model agreement start date	January 1, 2018

*ACOs may apply to enter the Track 1+ Model as part of the 2018, 2019, and 2020 Shared Savings Program application cycles.

Model Design

- Track 1+ Model Design Overview
- Financial Calculations
- Loss Sharing Limit Amounts
- Prospective Beneficiary Assignment
- SNF 3-Day Rule Waiver
- Reports & Data



Track 1+ Model Design Overview

- Model is based on the Shared Savings Program Track 1.
 - 50 percent sharing rate based on quality performance, once minimum savings rate (MSR) is met or exceeded.
 - Performance payment limit equal to 10 percent of ACO's updated historical benchmark.
- Model incorporates elements of Track 3 including:
 - Prospective beneficiary assignment.
 - Choice of MSR/minimum loss rate (MLR).
 - Option to request a Skilled Nursing Facility (SNF) 3-Day Rule Waiver.
- Model offers lower performance-based risk than Tracks 2 and 3.
 - Fixed 30 percent loss sharing rate, once MLR is met or exceeded.
 - Revenue-based loss sharing limit: calculated as 8 percent of ACO participant Medicare Part A & B fee-for-service (FFS) revenue in 2018.
 - Benchmark-based loss sharing limit: calculated as 4 percent of the ACO's updated historical benchmark.

Financial Calculations

Calculating Savings/Losses

- ACOs entering the Model within their current agreement period will have historical benchmarks recalculated using the prospective assignment methodology.
 - CMS will continue to use the three historical benchmark years prior to the start of the ACO's current agreement period under Track 1.
 - 2016 starters enter the Model in 2018: the ACO's benchmark is recalculated using 2013, 2014, and 2015 data.
- Regular rebasing methodology continues to apply based on the ACO's agreement start date.
 - ACOs renewing in 2017 and onward, factors based on regional FFS expenditures used to establish and adjust the ACO's rebased historical benchmark.

Financial Calculations (cont.)

Calculating Savings/Losses (cont.)

- Annual reconciliation evaluates ACO's performance year expenditures for assigned beneficiaries compared to updated benchmark expenditures under normal program schedules.
 - ACOs renewing in 2017 and onward, rebased historical benchmark updated based on regional growth rates.

Financial Calculations (cont.)

Minimum Savings Rate/Minimum Loss Rate

- Track 1+ ACOs choose from the symmetrical MSR/MLR options available under Tracks 2 and 3 (see § 425.610(b)):
 - Zero percent MSR/MLR.
 - Symmetrical MSR/MLR in 0.5 percent increments between 0.5–2.0 percent.
 - Symmetrical MSR/MLR that varies, based on the number of beneficiaries assigned to the ACO.
 - MSR/MLR selection, made at time of application, applies for the ACO's agreement period under the Track 1+ Model; calculated as a percentage of the ACO's updated historical benchmark.
- ACOs share savings or losses that meet or exceed their MSR/MLR threshold.
 - Apply the sharing rate (upside) and loss sharing rate (downside) to first dollar savings and losses up to the performance payment limit and loss sharing limit.

Loss Sharing Limit Amounts

Revenue Based Loss Sharing Limit	Benchmark Based Loss Sharing Limit
<p>Revenue-based loss sharing limit calculated as a percentage of the ACO participants' total Medicare FFS revenue (Parts A & B paid amounts).</p>	<p>The ACO's maximum downside risk will be 4% of the ACO's updated Parts A & B benchmark for its assigned patient population.</p>
<p>8% of ACO participant Medicare FFS revenue in 2018, 2019, and 2020; 8% qualifies ACOs as Advanced APM entities for 2018, and ACOs may opt for higher limit in 2019 and 2020, consistent with changes to Advanced APM nominal risk requirement.</p>	<ul style="list-style-type: none"> ▪ 3-year average per capita historical benchmark based on total Parts A & B expenditures for benchmark year assigned beneficiaries; adjusted for ACO Participant List changes each year; updated each performance year for risk of performance year assigned population.
<p>Amount of risk consistent with Advanced APM nominal risk requirement in subsequent years (2021 and onward).</p>	<ul style="list-style-type: none"> ▪ In calculating total updated benchmark dollars, CMS accounts for the size of the ACO's performance year assigned population.
<p>If the loss limit, as a percentage of ACO participants' FFS revenue exceeds the amount that is 4% of the ACO's updated historical benchmark, then the loss limit would be capped and set at 4% of the updated historical benchmark.</p>	<ul style="list-style-type: none"> ▪ Amount of risk exceeds Advanced APM nominal risk requirement.

Loss Sharing Limit Amounts (cont.)

Loss Sharing Limit Amounts Example

- Example based on an ACO with the following characteristics:
 - Assigned beneficiaries: 9,162
 - Physician-only ACO with ACO participant Medicare FFS revenue of 14.6 percent (total participant revenue/total updated benchmark)

[A] ACO's Total Updated Benchmark Expenditures	[B] ACO Participant Medicare FFS Revenue	[C] Revenue-Based Loss Sharing Limit 2018 ([B] x .08)	[D] Benchmark-Based Loss Sharing Limit ([A] x .04)
\$93,411,313	\$13,630,983	\$1,090,479	\$3,736,453

Loss Sharing Limit Amounts (cont.)

Determining revenue- or benchmark-based loss sharing limit

- ACOs applying to the Track 1+ Model will attest to the ownership and operational interests of their ACO participants.
- CMS will determine if the benchmark-based or revenue-based loss sharing limit is applied, near the start of the ACO's agreement period under the Track 1+ Model (based on the ACO's initial application to the Model or application for renewal under the Model).
- CMS will re-determine the ACO's loss sharing limit annually based on an Annual Certification process. The Track 1+ ACO's loss sharing limit may be adjusted up or down on this basis.

Loss Sharing Limit Amounts (cont.)

Determining applicability of benchmark-based loss sharing limit

Question	Answer
(1) Are any of your ACO participants one of the following institutional providers: (2) Are any of your ACO participants owned or operated by (in whole or in part) one of the following institutional providers: (3) Are any of your ACO participants owned or operated by (in whole or in part) <u>an organization that owns or operates one of the following institutional providers:</u>	(Select all that apply) <ul style="list-style-type: none"> ▪ Yes, IPPS Hospital ▪ Yes, Cancer Center ▪ Yes, Rural hospital with more than 100 beds
(4) Is your ACO participant rural hospital with 100 or fewer beds owned or operated (in whole or part) by a health system?	<ul style="list-style-type: none"> ▪ Yes
(5) A rural hospital with 100 or fewer beds <u>that is not on your ACO Participant List</u> owns or operates (in whole or in part) an ACO participant?	<ul style="list-style-type: none"> ▪ Yes

If an ACO answers yes to any of these questions, the benchmark-based loss sharing limit applies.

Loss Sharing Limit Amounts (cont.)

Determining applicability of revenue-based loss sharing limit

Question	Answer
<p>(1) Are any of your ACO participants one of the following institutional providers:</p> <p>(2) Are any of your ACO participants owned or operated by (in whole or in part) one of the following institutional providers:</p> <p>(3) Are any of your ACO participants owned or operated by (in whole or in part) an organization that owns or operates one of the following institutional providers:</p>	<p>No, there are no ownership/operational interests by the following:</p> <ul style="list-style-type: none"> ▪ IPPS Hospital ▪ Cancer Center ▪ Rural hospital with more than 100 beds
<p>(4) Is your ACO participant rural hospital with 100 or fewer beds owned or operated (in whole or part) by a health system?</p>	<ul style="list-style-type: none"> ▪ No ▪ N/A – ACO doesn't have a participant rural hospital with 100 or fewer beds
<p>(5) A rural hospital with 100 or fewer beds <u>that is not on your ACO Participant List</u> owns or operates (in whole or in part) an ACO participant?</p>	<ul style="list-style-type: none"> ▪ No – this rural hospital is included on your ACO Participant List ▪ N/A – ACO doesn't have a participant owned/operated by a rural hospital with 100 or fewer beds.

If an ACO answers no or N/A to all of these questions, the revenue-based loss sharing limit applies; otherwise, the benchmark-based loss sharing limit applies.

Prospective Beneficiary Assignment

- Prospective assignment allows ACOs to know in advance the populations for which they are accountable for quality and financial performance outcomes.
- Beneficiaries are prospectively assigned to an ACO at the beginning of each benchmark or performance year based on the beneficiary's use of primary care services in the most recent 12 months for which data is available.
- Eligible beneficiaries assigned to the ACO for the benchmark or performance year if the ACO provides the plurality of his/her primary care services, measured in allowed charges for the relevant year.

SNF 3-Day Rule Waiver

- The SNF 3-Day Rule Waiver is available to Track 1+ Model ACOs, consistent with the waiver available to Track 3 ACOs under § 425.612.
- Track 1+ ACOs may elect to apply for the SNF 3-Day Rule Waiver.
 - ACOs may apply for a waiver at the time of application to enter the Track 1+ Model.
 - ACOs that enter the Track 1+ Model will have the opportunity to apply for a waiver prior to the start of each Model performance year.
- The SNF 3-Day Rule waiver is effective beginning January 1 of the performance year following approval of the ACO's SNF 3-Day Rule Waiver application for the term of the ACO's current participation agreement with CMS for the Track 1+ Model.

Reports & Data

- Track 1+ ACOs will receive data on their prospectively assigned population.
- Annual and quarterly program reports (see § 425.702(c)(1)(ii)(C)).
 - Quarterly Assignment List Reports, including beneficiary identifiers, risk scores, and assignment exclusions.
 - Population-level Assignment Summary Reports and Aggregate Expenditure/Utilization Reports.
- Beneficiary-identifiable Claim and Claim Line Feed (CCLF) files on performance year assigned population (see § 425.704(d)(1)(ii)).
- Reports/data file delivery schedule will be consistent across the Shared Savings Program ACOs, including Track 1+ ACOs (see the report schedule in the [Shared Savings and Losses and Assignment Methodology Specifications](#)).

Eligibility, Applications, and Agreements

- Eligible ACOs
- Ineligible ACOs
- Application Cycles
- Track 1+ Model Application Requirements
- Participation Agreement



Eligible ACOs

- Track 1+ Model is based on the Shared Savings Program Track 1.
 - An ACO participating in the Track 1+ Model must be eligible to participate in and enter into Track 1 of the Shared Savings Program.
 - Track 1+ ACOs will execute an agreement for participation in Track 1 and an amendment to their Shared Savings Program participation agreement to govern participation in the Model.
- ACOs interested in participating in the Model will complete an additional application process for the Track 1+ Model.
 - Ensures the requirements for Model participation are met, including establishing an adequate repayment mechanism to assure CMS of its ability to repay shared losses.
- ACOs eligible for Track 1+ Model participation:
 - Track 1 ACOs within their current agreement period.
 - Track 1 ACOs renewing their participation agreement.
 - New ACO applicants.

Ineligible ACOs

- ACOs ineligible for Track 1+ Model participation:
 - An ACO legal entity that is owned or operated in whole or in part by a health plan.
 - An ACO legal entity that currently or previously participated in a performance-based risk Medicare ACO initiative.
 - An ACO with 40 percent or more of its participants had participation agreements with an ACO that was participating in a performance-based risk Medicare ACO initiative in the most recent prior performance year.
 - An ACO that renewed for a second agreement period under Track 2 or 3 under the one year deferral option (§ 425.200(e)); these ACOs agreed to enter performance-based and were granted an extension of their first agreement period to facilitate this transition.
 - Also ACOs may not use the deferred renewal option to defer transition from Track 1 to Track 1+ Model.

Application Cycles

- Three application cycles: 2018, 2019, and 2020.
- Allow new entrants and renewing ACOs to enter one, 3-year agreement period under the Track 1+ Model.
- ACOs that enter the Model during their current agreement period (in 2018 or 2019) may be eligible to continue under the Model for a subsequent three-year agreement period if renewal occurs in 2019 or 2020.

Application Cycles (cont.)

- ACOs must submit a NOIA to notify CMS of their intention to apply to the Shared Savings Program, SNF 3-Day Rule Waiver, and Track 1+ Model. NOIAs are non-binding.
- Overview of application content:

CY 2018 Applicant	Shared Savings Program Application	Track 1+ Model Application	SNF 3 Day Rule Waiver Application
New Shared Savings Program Applicant	Track 1 Shared Savings Program Initial Application	Required	Optional
Renewing Track 1 ACO	Track 1 Shared Savings Program Renewal Application	Required	Optional
Currently Participating Track 1 ACO	N/A	Required	Optional

Track 1+ Model Application Requirements

Key components of the Model application include the following (as previously described):

- Attestations concerning ACO legal entity for determining the ACO's eligibility for the Model.
- Attestations to the ownership/operational interests of the ACO participants as necessary for determining loss sharing limit.
- Selection of symmetrical MSR/MLR that would apply for the ACO's agreement period.

Track 1+ Model Application Requirements (cont.)

Key components of the Model application include the following (cont.):

- ACO demonstrates it has established an adequate repayment mechanism. ACOs may choose from one or more of the following three types of repayment arrangements:
 1. Funds placed in escrow
 2. Line of credit as evidenced by an irrevocable letter of credit
 3. Surety bond
- See § 425.204(f); [Repayment Mechanism Arrangements Guidance](#).

Participation Agreement

- Track 1+ ACOs will be required to execute an agreement for participation in Track 1 of the Shared Savings Program and an amendment to their Shared Savings Program participation agreement to govern their participation in the Track 1+ Model.
- Upon exiting the Track 1+ Model, an ACO may not re-enter Track 1 of the Shared Savings Program or the Track 1+ Model.

Learning System and Evaluation Activities



Learning System Activities

CMS will design a “Learning System” to support ACOs participating in the Track 1+ Model. This Learning System will:

- Be tailored to the current goals, challenges, and learning needs of Track 1+ ACOs.
- Provide opportunities for Track 1+ ACOs to learn and share experiences with other ACOs.
- Enable Track 1+ ACOs to collaborate and connect with other ACOs through shared learning activities.

Evaluation Activities

Evaluation Goals

- The Model evaluation will compare Track 1+ ACO performance to the spending, utilization, and quality trends that would have occurred in the absence of the existence of the Model to ACOs participating in tracks currently offered under the Shared Savings Program regulations and to the care furnished to FFS beneficiaries who are not assigned to ACOs.
- CMS plans to evaluate the Track 1+ Model using a similar approach as the evaluations of other ACO models.
 - Spending and quality performance relative to comparison groups
 - ACO surveys across risk tracks
 - Telephone interviews with ACO management
- Track 1+ Model ACOs will be required to participate in evaluation activities, per the amendment to their Shared Savings Program participation agreements.

Resources



Resources

- [Detailed Fact Sheet on the Track 1+ Model \(January 2017\)](#)
- [Shared Savings Program - How to Apply webpage](#)*
- [Shared Savings Program - Repayment Mechanism Arrangements Guidance](#)
- [Shared Savings Program - Skilled Nursing Facility 3-Day Rule Waiver Guidance](#)**
- [Shared Savings Program - Financial and Beneficiary Assignment Methodology](#)
- [Quality Payment Program](#)
- [Innovation Center](#)

*Track 1+ Model application information for the 2018 application cycle will be made available later this year.

**Please note that a similar waiver will be made available to Track 1+ Model ACOs

Questions

For additional questions:

- For questions, please dial in to: (844) 819-3963, Passcode: 81395296
- For general inquiries: ACO@cms.hhs.gov.
- For NOIA and application questions: SSPACO_Applications@cms.hhs.gov.
- For Shared Savings Program ACOs with general inquiries: SharedSavingsProgram@cms.hhs.gov, and specify the ACO ID.

QUESTION & ANSWER SESSION

