Next Generation Accountable Care Organization (NGACO) Model
Evaluation of the First Five Performance Years (2016-2020)

Findings at a Glance

MODEL OVERVIEW

The NGACO Model tests whether strong financial incentives, flexible payment options, and tools to support care management, improve value, and lower expenditures for aligned populations of Medicare fee-for-service (FFS) beneficiaries. Participating ACOs assumed 80% or 100% two-sided financial risk and selected from four payment mechanisms with different types of FFS or prospective payments. The Model began in 2016 and ended in 2021. Three cohorts joined the model in 2016, 2017, and 2018. This summary covers the Model’s results over its first five performance years—2016 (performance year one [PY1]), 2017 (PY2), 2018 (PY3), 2019 (PY4), and 2020 (PY5). CMS offered several flexibilities in PY5 in response to the COVID-19 public health emergency (PHE).

PARTICIPANTS

In PY5, there were 37 NGACOs across 98 Hospital Referral Regions (HRRs).
- Four NGACOs exited after PY4, including the largest NGACO, reducing the number of markets represented.

NGACOS’ RESPONSES TO COVID-19

The evaluation team held four conversations with approximately two-thirds of the NGACOs in 2021 to learn how they adapted to the PHE. NGACOs broadly reported being well-positioned to respond to the PHE due to the resources they had developed through participation in the NGACO Model. The NGACOs participating in the sessions and contributing most to the conversations may not be representative of all NGACOs.

COVID-19 RELATED POLICY CHANGES IN 2020 (PY5)

Optional COVID Amendment to Participation Agreement (PA)
- Removed COVID-related spending from PY expenditures & benchmark calculations.
- Retrospective regional trend factor.
- No downside risk with shared savings capped at 5% of benchmark.
- 21 out of 37 NGACOs (57%) signed the amendment.

CMS Universal Waivers in 2020
- Waiver eliminating geographic and site requirements for telehealth visits.
- Waiver for requirement that beneficiaries have three-day hospitalization before admission to a SNF.
Spending Utilization

Cumulative PY5

Acute Care Hospital

-1.0%***

Professional Services

-1.3%***

Post-Acute Care

-4.1%*** for other PAC

Model-wide Gross Spending

Model-wide Net Spending

KEY TAKEAWAYS

The NGACO Model significantly reduced gross spending but increased net spending in PY5, continuing the pattern observed in earlier years. The increase in net spending in 2020 relative to net spending in 2019 reflected several factors, including drop out by NGACOs with shared losses in PY4, continuation of NGACOs with shared savings in PY4, and model flexibilities to mitigate risks to NGACOs due to the COVID-19 PHE. NGACOs reported being well-prepared to address the PHE with resources and processes developed through participation in the Model.