CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICARE & MEDICAID INNOVATION

Findings at a Glance

Next Generation Accountable Care Organization (NGACO) Model

Final Evaluation of Six Performance Years (2016-2021)

MODEL OVERVIEW

The NGACO Model tested whether strong financial incentives, flexible payment options, and tools to support care management improved value and lowered expenditures for aligned populations of Medicare fee-for-service (FFS) beneficiaries from 2016 to 2021. Three cohorts of NGACOs joined the model in 2016, 2017, and 2018. Participating ACOs assumed 80% or 100% two-sided financial risk and selected from among four payment mechanisms, including population-based payments (PBPs) that provided prospective payments for care delivered under FFS. This summary covers the model's results over its six performance years (PYs).

62 NGACOs participated over 6 years

91K Participating Providers over 6 years

4.2M Aligned beneficiaries over 6 years

35 NGACOs remained in PY6

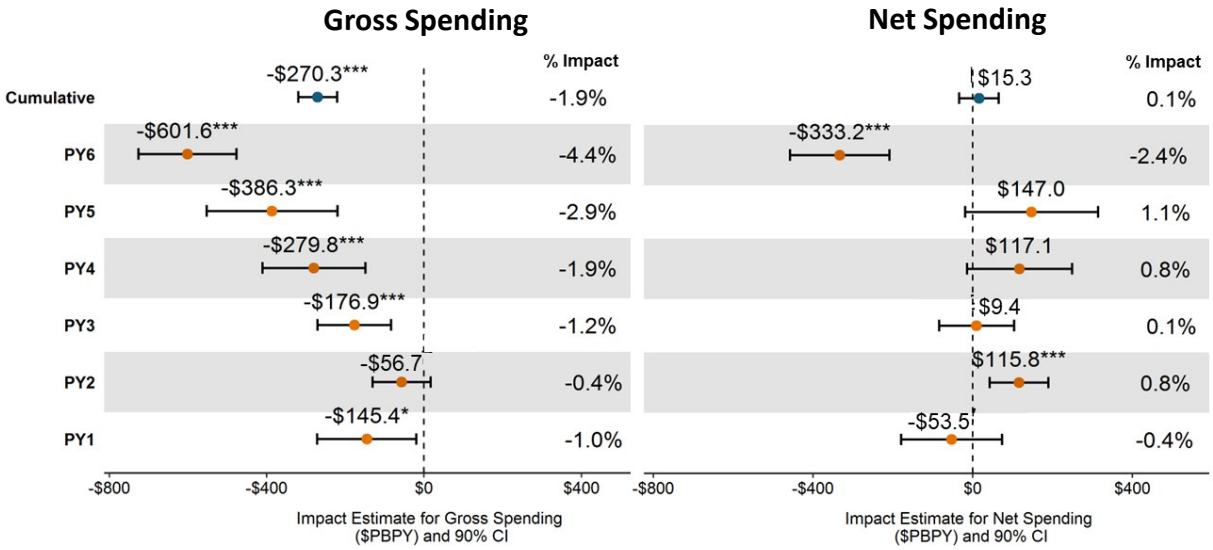
Most participating providers were primary care

Most aligned beneficiaries were White with Medicare only

The majority of NGACOs were affiliated with hospitals

FINDINGS

The NGACO Model Reduced Gross Total Medicare Spending by Increasing Amounts Over Time. The Model Had No Impact on Net Spending.



Gross spending shows total Medicare spending change for ACOs relative to changes in the comparison group over time.

Net spending shows gross spending after adding shared savings outlays to ACOs from CMS.

Spending amounts in 2021 dollars.

PY5 and PY6 occurred during the COVID-19 pandemic.

**p<0.1, **p<0.05, & ***p<0.01.*

Larger Decline In Medicare Spending Was Associated with…	Relative to…
Physician practice affiliation	IDS or Hospital affiliation
100% risk level and risk caps >5%	80% risk or risk caps ≤5%
Population-based payment mechanism	FFS-based payment mechanism

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POPULATION HEALTH MANAGEMENT

Throughout the model, NGACOs reduced utilization in the most intensive care settings and increased the use of preventive care through population health strategies.

Spending & Utilization Categories

	SPENDING	UTILIZATION
Acute care hospitalizations	↓	↓
Professional services (including evaluation and management visits)	↓	↓
Outpatient facility (including emergency department)	↓	↓
Skilled nursing facilities (SNFs)	↓	↓

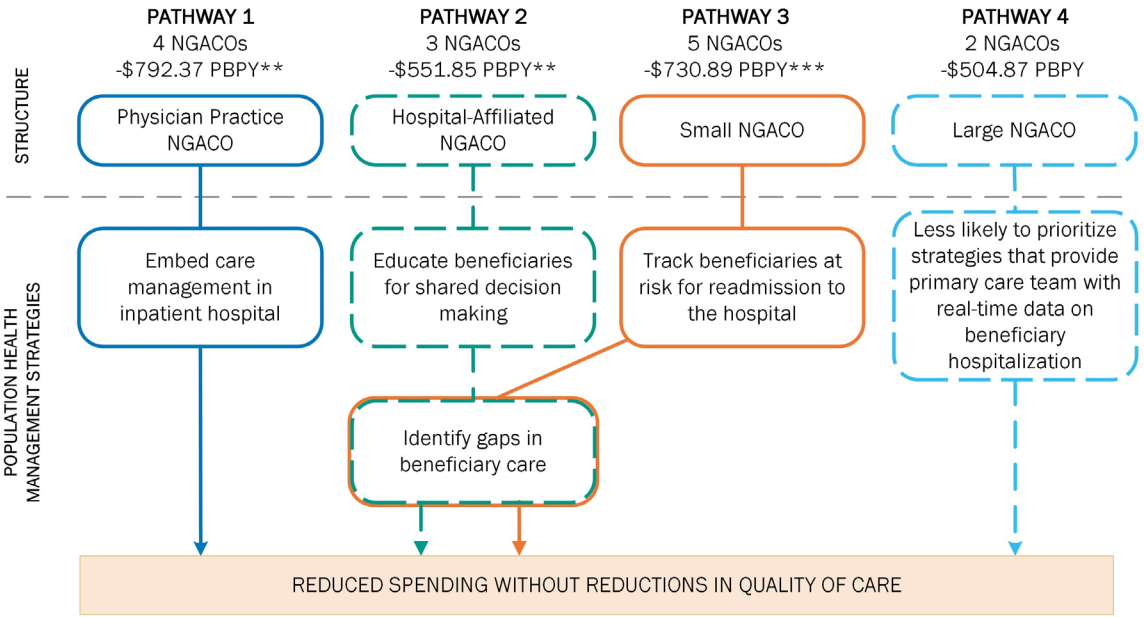
SNF utilization is measured by the number of days in a SNF.

Population Health Strategy	Related Outcomes
Expanding data analytics to assess risk & target resources	Reported by two-thirds of NGACOs as their most significant organizational change during the model
Care coordination to prevent hospitalizations and ED visits	Greater spending reductions for patients with 8+ chronic conditions
Annual wellness visits to engage beneficiaries	21% increase in annual wellness visits
Partnerships with skilled nursing facilities (SNFs) to manage post-acute care	Decrease in SNF spending and days, modest increase in SNF stays

PATHWAYS TO SPENDING REDUCTIONS

- Combinations of factors, or pathways, were more influential on spending throughout the model than was any single factor.
- We found four pathways associated with spending reductions without reductions in quality of care.
- Importantly, no single condition's presence or absence precluded spending reductions.

*p<0.1, **p<0.05, & ***p<0.01.



KEY TAKEAWAYS

The NGACO Model reduced gross, but not net Medicare Parts A and B spending for its aligned beneficiaries.

Spending reductions grew larger in almost every year, reflecting NGACOs' improvements in infrastructure and clinical processes, exit by poorer-performing NGACOs, and the COVID-19 pandemic.

Selected NGACO characteristics were associated with larger spending reductions - physician practice affiliation, election of the highest financial risk tier, or PBP mechanisms. No characteristic was necessary or sufficient for an NGACO to reduce spending.

Combinations of selected NGACO implementation approaches and contextual characteristics were associated with reduced spending without reductions in quality. Separate analyses also identified combinations of NGACO characteristics that were associated with failure to reduce spending.