LEAD Model Overview

Model Summary

The Long-term Enhanced Accountable Care Organization (ACO) Design (LEAD) Model is a ten-year voluntary ACO model, beginning January 1, 2027. The LEAD Model:

- Introduces innovative benchmarking and risk adjustment to appeal to a broader mix of health care providers, including those with specialized patient populations and those new to ACOs.
- Establishes a ten-year performance period without rebasing and provides a pathway toward sustainable, long-term benchmarks and savings.
- Offers Primary Care and Total Care Capitation, Professional and Global Risk Sharing Options, and new options for ACOs to partner with specialists through episode-based risk arrangements.
- Promotes coordinated, proactive, preventive care through tools that encourage patients to seek care from high-value health care providers, including Part B cost sharing support and a future Part D premium buy down (available by 2029).

Benefits for ACO Participants

Strong Shared Savings Potential for Both Seasoned ACOs and Those New to VBC

New benchmarking and payment designs support ACOs whose spending is either above or below regional averages, making it easier to achieve and share in savings.

Long-Term Stability

Ten-year program duration supports sustainable participation and long-term planning, providing ample time for participants to innovate, adapt, and see the payoff of their investments in better care.

Stronger Specialty Partnerships

Options to integrate specialists and community partners to help ACOs expand care offerings and drive value (e.g., downstream episode-based payments with specialists).

Enhanced Support for Complex Patients

LEAD empowers ACOs to provide comprehensive care for High Needs and dually eligible patients with more accurate benchmarking and risk adjustment, new waivers, and expanded alignment pathways.

Flexibility to Engage Patients in Care

Benefit Enhancements and Beneficiary Engagement Incentives enable access to items and services that support prevention and healthy living.

Eligibility

ACO Eligibility

- LEAD is designed for a wide spectrum of health care organizations, including those that have not previously participated in ACOs, current ACO REACH participants, and those serving High Needs and dually eligible beneficiaries.
- ACOs serving High Needs beneficiaries will have lower beneficiary alignment minimums.
- LEAD uses Tax Identification Number (TIN)-Based participation, like the Medicare Shared Savings Program, for simpler operations.

Provider Eligibility

- **Participant Providers:** Physicians and health care organizations that take direct accountability for cost and quality and drive beneficiary alignment under the model. Typically, primary care providers.
- **Preferred Providers:** Physicians and health care organizations that can take indirect financial accountability and do not drive beneficiary alignment or quality performance for the ACO. Typically, specialists and institutional providers.

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Participation Options

LEAD allows ACOs to **choose a level of financial risk that fits their experience.** LEAD is designed for participants at different stages, offering a clear path to greater rewards as ACOs gain experience.

Global Risk Option: Eligible to receive up to 100% of their savings and liable for up to 100% of total losses relative to their established performance benchmark.

Professional Risk Option: Eligible to receive up to 50% of total savings and liable for up to 50% of total losses relative to their established performance year benchmark.

Payment Approach Overview

LEAD provides a new benchmarking methodology:

A stable, ten-year savings trajectory. LEAD's ten-year performance period, the longest ever tested by the Innovation Center, removes the frequent re-basing of benchmarks that penalizes successful ACOs and reduces incentives to save.

Incentives for ACOs with high costs relative to regional peers. These practices may have been disadvantaged by benchmarking methods in previous models. In LEAD, these practices will begin with a benchmark based on historical costs, plus an add-on incentive.

Rewards for organizations with low costs relative to regional peers. In addition to a lack of rebasing, these organizations, who may have participated successfully in other ACOs, will have a regional adjustment or prior savings adjustment, whichever is higher.

Transition to an ACO Rate Book. LEAD's ten-year performance period should allow time for costs to begin to converge across higher spending and lower spending ACOs, enabling ACOs to move away from individual historical benchmarks and towards standardized, rate book-based benchmarks in the second half of the model.

In addition to the Primary Care Capitation (PCC), Total Care Capitation (TCC), Non-Primary Care Capitation (NPCC), and Add-On Payment (APO) arrangements that provide options for monthly upfront and capitated payments, **LEAD tests new payment arrangements with specialists through CMS-Administered Risk Arrangements (CARA). Highlights include:**

- **Specialist Accountability:** Empower ACOs to contract directly with specialists for specific quality and cost outcomes, reducing barriers for ACOs to establish meaningful value-based relationships with specialists, who drive significant health care costs but remain largely outside accountability frameworks.
- **Episode-Based Payment Infrastructure:** CMS will provide the infrastructure for ACOs to establish standardized, episode-based risk arrangements with specialists to facilitate stronger relationships and risk sharing.
- **Episode-Based Falls Prevention Program:** A specialized falls prevention episode that features time-limited services to improve home safety and boost independence in daily activities for Medicare beneficiaries.

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Quality

LEAD offers a targeted set of familiar quality measures to reduce provider burden. New electronic clinical quality measure (eCQM) requirements phase in gradually, giving ACOs time to prepare for new reporting requirements.

LEAD quality measures include the five ACO REACH measures and two new eCQMs: Diabetes: Glycemic Status Assessment Greater Than 9% and Controlling High Blood Pressure.

ACOs can earn back withheld payments for improving or maintaining high-quality care, with extra rewards for top performers. Electronic reporting of eCQMs begins as optional and becomes required in steps, allowing ACOs time to acclimate.

LEAD ACOs will also develop **individualized Prevention and Quality Plans,** which will focus on at least one prevention intervention, tailored to the ACO's patient population (e.g., falls prevention).

Beneficiary Alignment

LEAD introduces a new option for more timely beneficiary alignment and more transparency for ACOs.

LEAD ACOs receive beneficiary alignment in two ways:

Claims-Based Alignment
Beneficiaries align to ACOs based on their claims history and utilization patterns.

Voluntary Alignment
Beneficiaries choose a provider affiliated with an ACO as their primary provider, practice, or other source of care.

LEAD ACOs can select one of two alignment approaches:

Prospective
Conducted prior to the start of a performance year, with no alignment updates during the performance year.

Hybrid
ACOs can add voluntarily aligned beneficiaries monthly, plus one mid-year opportunity to add new Participant TINs.

Benefit Enhancements and Beneficiary Engagement Incentives

LEAD offers participants the option of **Benefit Enhancements and Beneficiary Engagement Incentives that support the delivery of coordinated, proactive, and preventive care.**[1] This includes tools for ACOs to encourage beneficiaries to seek care from high-value providers, e.g.:

Part B Cost Sharing
Designed to allow ACOs to enter into agreements with LEAD Participant Providers and Preferred Providers that cover some or all beneficiary cost sharing for designated Medicare Part B services.

Part D Premium Buydown
Beginning by 2029, expected to allow qualifying ACOs to partially or fully offset beneficiaries' Medicare Part D premiums, lowering drug cost barriers.

Chronic Disease Prevention Reward
Designed to enable ACOs to offer healthy food to support beneficiaries as they engage in healthy living activities (e.g., exercising) and participate in evidence-based disease management programs.

[1]*CMS may determine that the anti-kickback statute safe harbor for CMS-sponsored model patient incentives is available to protect these patient incentives.*

High Needs and Dually Eligible Beneficiaries

- **High Needs:** LEAD incentivizes all ACOs to better serve High Needs patients through improved risk adjustment and benchmarking, while enabling organizations specializing in complex care to serve their entire eligible Original Medicare population, not just High Needs beneficiaries, within a LEAD ACO.
- **Dually Eligible:** LEAD aims to support the integration of Medicare and Medicaid services for dually eligible beneficiaries in Original Medicare. CMS will select two states to partner with on developing an ACO-Medicaid partnership framework during an initial planning phase.

Additional Resources

LEAD Model Webpage | **Questions?** LEAD@cms.hhs.gov