

# Next Generation Accountable Care Organization (NGACO) Model

**Evaluation of Performance Year 1 (2016)** 

## **MODEL OVERVIEW**

The purpose of the Next Generation Accountable Care Organization (NGACO) Model is to test whether strong financial incentives for Accountable Care Organizations (ACOs) coupled with tools to support better patient engagement and care management, can improve health outcomes and reduce expenditures for Medicare fee-for-service (FFS) beneficiaries. ACOs in the NGACO model assume 80-100 percent two-sided risk, choose from several payment mechanisms designed to facilitate cash flow, and may select optional benefit enhancements that provide more flexibility in patient care delivery.

### PARTICIPATION

The model began in January of 2016 with an initial cohort of 18 participants.

Two additional cohorts began in 2017 and 2018. The model is currently scheduled to run for a five year period ending on December 31, 2020.

#### Locations of the NGACOs active during 2016



2016 NGACOs, by the numbers	
18	Active NGACOs in 2016
15	NGACOs with prior Medicare ACO experience
10	NGACOs actively implementing the SNF 3-day waiver in 2016
31,070	NGACO network providers
755	NGACO network facilities
477,197	Beneficiaries aligned to NGACO participating providers
26,511	Average number of aligned beneficiaries per NGACO (ranging from 8,286 to 65,487)

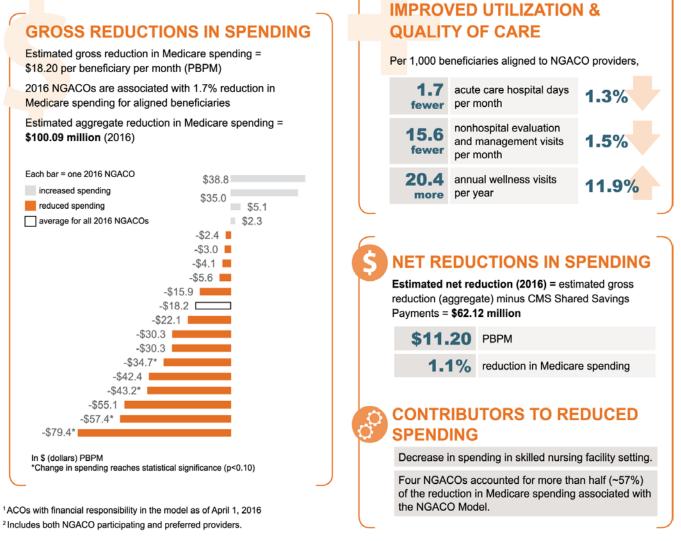


## **Findings at a Glance**

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### **KEY FINDINGS**



#### **KEY TAKEAWAY**

In their first performance year, the 2016 cohort of NGACOs were associated with model-wide reductions in spending without declines in quality. Spending was reduced by approximately \$100 million (a 1.7% decline), or \$62 million after adjusting for shared savings/loss payments (a 1.1% net savings). Consistent with prior ACO work, this savings appeared to be largely associated with reductions in hospital and SNF associated costs. Impacts on cost, utilization and quality varied between individual ACOs. Notably, over half of the model's cost and utilization decline was generated by four of the eighteen NGACOs.

These early results are promising. We look forward to observing results in the second performance year to observe whether this trend continues for these ACOs and is replicated in subsequent NGACO cohorts.

This document summarizes the evaluation report prepared by an independent contractor. To learn more about the NGACO model and to download the full evaluation report, visit <a href="https://innovation.cms.gov/initiatives/Next-Generation-ACO-Model/">https://innovation.cms.gov/initiatives/Next-Generation-ACO-Model/</a>