



## ACO Participation Increases in 2024

On January 29, 2024, the Centers for Medicare and Medicaid Services (CMS) announced that Performance Year 2024 participation increased in their various accountable care organization (ACO) initiatives.<sup>1</sup> Specifically, 50 new ACOs joined the Medicare Shared Savings Program (MSSP), and 71 ACOs renewed their contracts, bringing the total participation in the MSSP to 480 ACOs.<sup>2</sup> Additionally, 245 organizations chose to continue participation in two other CMS models – the ACO Realizing Equity, Access, and Community Health (REACH) Model and the Kidney Care Choice (KCC) Model.<sup>3</sup> This Health Capital Topics article reviews the CMS report and implications for CMS’s ACO initiatives.

In general, the ACO model holds groups of healthcare providers responsible for the quality and cost of healthcare delivery provided to an ACO’s patient population.<sup>4</sup> ACOs are controlled by the provider members who work together to control costs, improve quality, and coordinate care. Those ACOs that achieve payor-designated spending and quality targets receive a share of the cost savings.<sup>5</sup> Most ACOs adhere to one of three primary structures: (1) hospital-led; (2) physician-led; and (3) jointly-led.<sup>6</sup> ACOs vary significantly in the services delivered to patients, the types of providers included in an ACO group, and their range of capabilities, which may include care management, advanced analytics, and shared interdisciplinary decision making.<sup>7</sup> In general, ACOs are associated with improved patient satisfaction and other patient-reported measures,<sup>8</sup> many of which improvements are concentrated in high-need, high-cost populations.<sup>9</sup> However, there is significant variance in ACO performance, with some ACOs achieving savings and others spending far more after formation.<sup>10</sup>

Most ACOs participate in the federal accountable care models offered by CMS.<sup>11</sup> MSSP ACOs are comprised of hospitals, physicians, and other healthcare providers that collaborate to provide coordinated, high quality care to Medicare beneficiaries, while focusing on delivering the appropriate care at the correct time and avoiding unnecessary medical errors and services.<sup>12</sup> When an ACO succeeds in delivering high quality care and spending healthcare dollars wisely, the ACO could be eligible to share in the savings it achieves for Medicare.<sup>13</sup> A 2020 study of 513 ACOs participating in the MSSP showed that 67% of participating ACOs generated a positive shared savings of \$2.3 billion.<sup>14</sup> Between 2016

and 2020, the percentage of ACOs with positive shared savings grew 21% annually.<sup>15</sup> Of the 482 ACOs in 2022, 84% achieved savings for Medicare, with 63% of ACOs earning shared savings.<sup>16</sup>

The ACO REACH Model provides resources and tools for healthcare providers to work together in an ACO to improve the quality of care for Medicare beneficiaries.<sup>17</sup> REACH ACOs are comprised of both primary and specialty care physicians.<sup>18</sup> To advance health equity, the model requires all participating ACOs to establish a plan describing how they will meet the needs of Medicare beneficiaries in underserved communities, and how they will make changes to address health disparities.<sup>19</sup>

In the KCC Model, dialysis facilities, nephrologists, and other healthcare providers form ACOs focused on managing care for Medicare beneficiaries with end-stage renal disease (ESRD) or chronic kidney disease (CKD) stages 4 and 5.<sup>20</sup> The model includes strong financial incentives for providers to manage this care, with the goal of delaying the onset of dialysis and incentivizing kidney transplants.<sup>21</sup>

As noted above, CMS announced that the MSSP currently has 480 participating ACOs comprising 634,657 providers and organizations with the ability to provide care to over 10.8 million traditional Medicare beneficiaries.<sup>22</sup> The agency also noted that participating ACOs are expected to deliver care to traditional Medicare beneficiaries in 9,032 federally qualified health centers (FQHCs), rural health clinics (RHCs), and critical access hospitals (CAHs), representing a 27% increase in participants from 2023.<sup>23</sup> For 2024, the ACO REACH Model has 122 ACOs with 173,004 healthcare organizations and providers furnishing care to an estimated 2.6 million traditional Medicare beneficiaries.<sup>24</sup> This model includes 1,042 FQHCs, RHCs, and CAHs, representing more than a 25% increase in participants from 2023.<sup>25</sup> The KCC Model is comprised of more than 9,227 participating healthcare organizations and providers, representing a 10% increase in participants from 2023.<sup>26</sup> This year, 282,335 Medicare beneficiaries suffering from ESRD and CKD are expected to be served.<sup>27</sup>

These three aforementioned ACO programs are expected to increase access to high-quality care, with the ACO REACH Model targeting underserved populations (i.e., located in rural areas) and the KCC Model focusing on Medicare beneficiaries with ESRD and CKD.<sup>28</sup> CMS

expects 13.7 million Medicare beneficiaries to be aligned with an ACO, which means nearly half of all traditional Medicare beneficiaries are (or will be) assigned to an ACO in 2024.<sup>29</sup>

President and CEO of the National Association of ACOs (NAACOS), Clif Gaus, stated that NAACOS “is happy to see growth in these important CMS programs, which was helped by changes put in place this year to help more provider organizations join value-based care models.”<sup>30</sup> The group recommended that CMS modify the current models by revamping how benchmarks are set, altering patient engagement rules, and relaxing reporting requirements,<sup>31</sup> in order to encourage and increase

participation in value-based programs (i.e., Medicare ACO programs).<sup>32</sup>

CMS Administrator Chiquita Brooks-LaSure stated that “one of CMS’ top priorities is to expand access to quality, affordable health coverage and care.”<sup>33</sup> Brooks-LaSure also said that “accountable care initiatives – which give more tools to health care providers to deliver better care and help people receive more coordinated care – through programs like the [MSSP] and the Innovation Center accountable care initiatives are critical to achieving this vision.”<sup>34</sup> The Biden-Harris Administration has set a goal of bringing all Medicare beneficiaries into value-based care models by 2030, and ACOs will be essential in reaching that goal.<sup>35</sup>

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