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CMS Unveils New ACO Model

On February 24, 2022, the Centers for Medicare & Medicaid Services (CMS) announced a new accountable care organization (ACO) model, called ACO REACH.[1] REACH stands for "Realizing Equity, Access, and Community Health."[2] ACO REACH will replace the current Global and Professional Direct Contracting (GPDC) model, and terminate the current Geographic Direct Contracting (Geo Model) model, a subset of the GPDC model.[3] This Health Capital Topics article will discuss the new ACO REACH model and its implications for existing ACOs.

CMS's current Geo Model was introduced in December 2020 with the promise of advancing regional value-based care (VBC), reducing healthcare expenditures, and enhancing the quality of care provided to Medicare beneficiaries.[4] The Geo Model was suspended in March 2021, after stakeholders sent a letter to the Department of Health and Human Services (HHS) addressing their concerns regarding the model's effects on care quality, including that there were too many challenges for existing ACOs to get involved and too little incentive to provide quality care.[5] As a result of these concerns, CMS decided to redesign the entire GPDC model.

CMS has a set of guidelines to follow when it develops a new ACO model. For example, a potential model must:

(1) Allow Medicare beneficiaries to retain all rights that are afforded to them, including freedom of choice of all Medicare-enrolled providers and suppliers;

(2) Work to promote greater equity in the delivery of high-quality services; and

(3) Extend their reach into underserved communities to improve access to services and quality outcomes.[6]

The GPDC model was widely considered a *laissez-faire* approach to the ACO concept, creating an "un-fair" environment for new entrants and incentivizing corporate profitability over quality of care.[7] Because the GPDC model did not sufficiently meet the three objectives set forth above, CMS unveiled their new REACH model in an attempt to fix these problems.[8] According to CMS, the new REACH model meets these three criteria and addresses other areas of concern that exist in the GPDC model by supporting value-based initiatives and changing the governance structures of ACOs; specifically, it requires a minimum of 75% of a participating ACO's governing body to be held by participating providers, up from the 25% minimum under the GPDC model.[9] Further, the REACH model is more in line with CMS's recently released ten-year strategic plan, as it better supports care innovation and focuses more on the social determinants of health.[10] This is especially true as the REACH model does more than the GPDC model to advance health equity, increase access, and drive affordable accountable care.[11] Specifically, the REACH model directly improves upon the GPDC model by promoting:

(1) A greater focus on health equity and closing disparities in care;

(2) An emphasis on provider-led organizations and strengthening beneficiary voices to guide the work of model participants;

(3) Stronger beneficiary protections through ensuring robust compliance with model requirements;

(4) Increased screening of model applicants and increased monitoring of model participants;

(5) Greater transparency and data sharing on care quality and financial performance of model participants; and

(6) Stronger protections against inappropriate coding and risk score growth.[12]

Additionally, traditional Medicare beneficiaries may be entitled to more benefits under the new REACH model, such as telehealth and home care visits.[13] However, it should be noted that the REACH model is considered by CMS to be a "new and improved" GPDC model,[14] meaning that it will provide the same two voluntary risk-sharing options (a "professional" 50% shared savings/losses plus a primary care capitation payment and a "global" 100% shared savings/losses plus either a primary care capitation or a total care capitation payment) while allowing providers to earn more predictable revenue.[15] Overall, the REACH model's primary goal is to help many different kinds of healthcare organizations work together to ensure patients can obtain the care they need when and where they need it.[16]

The reaction to the GPDC model and the new REACH model has been mixed. In January 2022, 50 Democratic lawmakers sent a letter to HHS demanding the GPDC model (which they alleged incentivizes the privatization of traditional Medicare) be thrown out and replaced,

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which stance implies these lawmakers would support the new REACH model and its revised priorities.[17] However, there is strong pushback from other stakeholders, namely providers and other large, private companies that would benefit from the greater profits under the GPDC model. In early February 2022, over 200 healthcare organizations sent a letter to HHS asserting the GPDC model be fixed, not replaced.[18] The organizations praised the GPDC model, claiming there would be a slower shift to VBC if the model was scrapped.[19]

CMS has announced that the GPDC model will expire on December 31, 2022, and the new REACH model will be effective January 1, 2023, running through 2026.[20] The application window for the ACO REACH model will be open from March 7, 2022 until April 22, 2022.[21]

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