

2019 MSSP Performance Results Shows Promise for Pathways to Success Model

On September 14, 2020 the *Centers for Medicare & Medicaid Services* (CMS) released the financial and quality performance results for the *Medicare Shared Savings Program* (MSSP) Performance Year (PY) 2019.¹ The results revealed record net savings of \$1.19 billion for Medicare, marking the third consecutive year of net savings.² Most significantly, included in these results are the first six months of performance for *accountable care organizations* (ACOs) that enrolled in the MSSP under one of the *Pathways to Success* models that commenced in July 2019.³ These results provided the first look at ACO performance under the new, controversial model.⁴

By way of background, ACOs participating in the MSSP must enroll in a specific track, with each track corresponding to a different level of risk.⁵ Previously, the tracks from which enrollees could choose were *Track 1*, *Track 2*, *Track 3*, and the *Next Generation ACO model*.⁶ However, in December 2018, CMS issued the final rule establishing the new *Pathways to Success* MSSP model, overhauling the preexisting participation track options.⁷ Under the *Pathways to Success* model, all new ACO agreements had to choose between the *Basic Track* and the *Enhanced Track* by July 2019.⁸ The *Basic Track* is further divided into five track levels: A, B, C, D, and E.⁹ Track levels A and B are one-sided risk models.¹⁰ The two-sided risk models begin with Level C and progressively increase in risk (as well as in potential shared savings) with each track level.¹¹ Newly participating ACOs that enroll in the *Basic Track* can begin in any of the track levels, but will automatically progress to the next level of risk (i.e., the subsequent track level) annually.¹² The only exception to this is that newly participating, low-revenue ACOs are permitted to remain enrolled in *Basic Track – Level B* for an additional year, provided that they agree to skip to *Basic Track – Level E* in their fourth year of participation.¹³

The primary goal of the new model was to incentivize ACOs to sustainably and progressively reduce expenditures, yielding greater savings for Medicare beneficiaries and taxpayers.¹⁴ Under the previous track options, participants could elect to stay in an upside-only (or one-sided) model for up to six years. In upside-only models, providers share in savings if spending is below the set benchmark, but face no financial penalty if spending is above the benchmark.¹⁵ In the past, experts have questioned the efficacy of one-sided risk models in reducing expenditures.¹⁶ The primary concern is that

providers in an upside-only model lack incentive to reduce spending, as they face no consequences if they exceed the benchmark.¹⁷ Past MSSP PY results have supported this hypothesis, with ACOs engaged in two-sided agreements achieving greater shared savings than ACOs engaged in one-sided agreements.¹⁸ For this reason, under the *Pathways to Success* model, the maximum amount of time an ACO can remain in an upside-only model ranges from one to three years.¹⁹ ACOs that have previously participated in the MSSP under an upside-only model would be permitted to remain in an upside-only model for a maximum of one year,²⁰ while newly participating, low-revenue ACOs would be permitted to remain in an upside-only model for a maximum of three years.²¹ Meanwhile, all other ACOs would have a maximum of two years in an upside-only model.²² Initially, there was significant concern that the introduction of two-sided risk earlier in an ACO's MSSP participation would decrease participation due to the aversion of many ACOs to taking on increased risk.²³

Despite this concern, the PY 2019 results indicate that ACOs achieved significant success under the new model.²⁴ The results showed that *Pathways to Success* participants achieved net savings of \$169 per beneficiary, outperforming legacy track ACOs that reported net savings of only \$106 per beneficiary.²⁵ Additionally, under the *Pathways to Success* model, new entrant ACOs achieved net savings of \$150 per beneficiary, marking the first year that new ACO participants achieved net savings.²⁶ These results suggest that the *Pathways to Success* model has been successful in providing stronger incentives for ACOs to reduce spending.²⁷

In addition to providing evidence supporting the efficacy of the *Pathways to Success* model, the PY 2019 results confirmed the hypothesis that ACOs that take on downside risk achieve greater net savings compared to ACOs in upside-only agreements.²⁸ In 2019, among all ACOs enrolled in the MSSP, those who assumed downside risk achieved net savings of \$152 per beneficiary, compared to the \$107 per beneficiary achieved by upside-only ACOs.²⁹ Similarly, among only the ACOs enrolled in *Pathways to Success*, those who assumed downside risk outperformed their counterparts in upside-only agreements, achieving net savings of \$193 per beneficiary compared to \$142 per beneficiary.³⁰ This data not only supports the success of the *Pathways to*

Success model, but also highlights the impact of taking on downside risk.³¹

Other notable observations from the PY 2019 results include the impact of *Pathways to Success* participation on rural ACOs and high-revenue ACOs.³² Historically, rural ACOs have struggled to achieve net savings compared to urban ACOs.³³ In 2019, across all MSSP-participating ACOs, urban ACOs achieved net savings of \$125 per beneficiary – 95% more than the \$64 per beneficiary achieved by rural ACOs.³⁴ However, urban ACOs enrolled in the *Pathways to Success* model achieved net savings of \$170 per beneficiary, only 7.6% more than the \$158 per beneficiary achieved by rural ACOs.³⁵ These results show significant promise for the future enrollment of rural ACOs in the MSSP.³⁶

Finally, the PY 2019 results supported the historical trend of low-revenue ACOs outperforming high-revenue ACOs.³⁷ In 2019, low-revenue ACOs (which included those enrolled in *Pathways to Success* as well as in other MSSP models) achieved 162.5% more in net per-beneficiary savings compared to high-revenue ACOs.³⁸ Interestingly, the *Pathways to Success* model had opposite effects on the performance of low-revenue ACOs versus high-revenue ACOs.³⁹ Low-revenue ACOs

enrolled in the *Pathways to Success* model had 6% less in net per-beneficiary savings compared to all low-revenue ACOs enrolled in the MSSP.⁴⁰ Contrastingly, high-revenue ACOs enrolled in the *Pathways to Success* model achieved 93.8% more in net per-beneficiary savings compared to all high-revenue ACOs enrolled in the MSSP.⁴¹ High-revenue ACOs' performance increased significantly under the new model; meanwhile, low-revenue ACOs' net savings suffered.⁴² To date, no explanation has been offered as to this possible impact discrepancy of the new model on performance between low- and high-revenue ACOs, but this trend will likely be assessed in the future.⁴³

In response to the PY 2019 results, CMS Administrator Seema Verma stated, “We are proud that the 2019 results have shown that in the first six months, *Pathways to Success* policies can reduce Medicare spending while maintaining high-quality care.”⁴⁴ These indications as to the early success of the *Pathways to Success* model may renew enthusiasm for MSSP participation among ACOs, which participation flat-lined in 2020 after a significant decline in 2019.⁴⁵ Interested ACOs will have the ability to apply during the next application cycle in spring of 2021 for a January 1, 2022 start date.⁴⁶

1 “2019 Medicare Shared Savings Program ACO Performance: Lower Costs And Promising Results Under ‘Pathways To Success’” By Seema Verma, Health Affairs, September 14, 2020, <https://www.healthaffairs.org/doi/10.1377/hblog20200914.598838> (Accessed 10/9/20).

2 *Ibid.*

3 *Ibid.*

4 *Ibid.*

5 “Pathways To Success: A New Start For Medicare’s Accountable Care Organizations” By Seema Verma, Health Affairs, August 9, 2018, <https://www.healthaffairs.org/doi/10.1377/hblog20180809.12285/full/> (Accessed 10/9/20).

6 “Shared Savings Program” Centers for Medicare & Medicaid Services, 2020, <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/about> (Accessed 10/9/20).

7 Verma, September 14, 2020.

8 Centers for Medicare & Medicaid Services, 2020.

9 *Ibid.*

10 “Shared Savings Program Participation Options for Performance Year 2021” Centers for Medicare and Medicaid Services, April 2020, <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/Downloads/ssp-aco-participation-options.pdf> (Accessed 10/9/20).

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12 *Ibid.*

13 *Ibid.*

14 Verma, September 14, 2020.

15 “The Case For Downside Risk (Or Not)” By Michael E. Chernew and Austin B. Frakt, Health Affairs, October 16, 2018, <https://www.healthaffairs.org/doi/10.1377/hblog20181011.442864/full/> (Accessed 10/9/20).

16 *Ibid.*

17 *Ibid.*

18 Verma, August 9, 2018.

19 In response to Coronavirus Disease of 2019 (COVID-19), ACOs enrolled in the *Pathways to Success* Model that would have been required to increase their financial risk next year are permitted to maintain their current risk level for next year. “Medicare Shared Savings Program: CMS Flexibilities to Fight COVID-19,” Centers for Medicare & Medicaid Services (CMS), April 29, 2020, <https://www.cms.gov/files/document/covid-ifc-2-medicare-shared-savings-program.pdf> (Accessed 10/15/20); Verma, August 9, 2018; Centers for Medicare and Medicaid Services, April 2020.

20 Verma, August 9, 2018.

21 Centers for Medicare and Medicaid Services, April 2020.

22 Verma, August 9, 2018.

23 “National Association of ACOs Comments on Proposed Medicare Rule and Includes Notable Findings from Recent ACO Poll” National Association of ACOs (NAACOS), October 16, 2018, <https://www.naacos.com/press-release--national-association-of-acos-comments-on-proposed-medicare-rule-and-includes-notable-findings-from-recent-aco-poll> (Accessed 10/9/20).

24 Verma, August 9, 2018.

25 *Ibid.*

26 *Ibid.*

27 *Ibid.*

28 *Ibid.*

29 *Ibid.*

30 *Ibid.*

31 *Ibid.*

32 *Ibid.*

33 *Ibid.*

34 *Ibid.*

35 *Ibid.*

36 *Ibid.*

37 *Ibid.*

38 In 2019, low-revenue ACOs had net savings of \$201 per beneficiary, while high-revenue ACOs only had \$80 per beneficiary in net savings. *Ibid.*

39 *Ibid.*

40 Under the *Pathways to Success* model, low-revenue ACOs had net per-beneficiary savings of \$189. “Pathways To Success: A New Start For Medicare’s Accountable Care Organizations” By Seema Verma, Health Affairs, August 9, 2018, <https://www.healthaffairs.org/doi/10.1377/hblog20180809.12285/full/> (Accessed 10/9/20).

41 *Ibid.*

42 Verma, August 9, 2018.

43 *Ibid.*

44 *Ibid.*

45 “MSSP ACO Participation Remains Flat in 2020” By John Commins, HealthLeaders Media, January 10, 2020, <https://www.healthleadersmedia.com/finance/mssp-aco-participation-remains-flat-2020> (Accessed 10/9/20).

46 Verma, August 9, 2018.



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