



## Press Release

**Headline: NAACOS response to CMS announcement of 2016 ACOs**

**Source: National Association of ACOs (NAACOS)**

**January 11, 2016**

Today the Centers for Medicare & Medicaid Services (CMS) announced that 147 ACOs of the original 220 2012 and 2013 will continue their participation in the Medicare Shared Savings Program (MSSP) in 2016. In addition, 100 new ACOs will join MSSP and 21 ACOs will participate in the new CMMI Next Generation ACOs (NGACOs). "These organizations demonstrate a commitment to achieving a healthier population through the ACO model, which plays an increasingly critical role in our nation's healthcare system", according to NAACOS CEO Clif Gaus. "We're very pleased to welcome the new ACOs and those renewing in the programs but are somewhat discouraged that about a third of the original 220 MSSP have decided to exit. With the program departures and new entrants the total beneficiaries covered by CMS ACO initiatives has only slightly grown from last year. Further the total of 434 current ACOs is about the same number as the total new ACOs announced for the four previous years", he said.

With regard to risk-bearing ACOs, the 2016 class includes a total of 43 with 22 new MSSP participants in Tracks 2 and 3 and 21 ACOs beginning the Next Generation ACO (NGACO) model in the Center for Medicare and Medicaid Innovation (CMMI). There remain 9 Pioneer ACOs of the original 32 two-sided risk ACOs. Two-sided risk ACOs are designed for organizations that are experienced in risk management and willing to take on more financial risk than the vast majority of ACOs in Track 1. These three 2-sided risk options allow ACOs who perform well to share in greater savings with the government, up to 85 percent for Next Generation ACOs and up to 75 percent for Track 3 ACOs, but they are also at higher risk of paying the government back should they fail to meet their financial or quality metrics. NAACOS supports these new more advanced ACO options and strongly believes that the Medicare program is best served by a continuum of ACO options that incrementally increase the level of risk and reward such that program growth is maximized. The 9 continuing Pioneer ACOs and the 43 announced today brings the total to 52 which is only an increase of 16 risk-bearing ACOs in 4 years. "While many believe 2-sided risk ACOs are the future, this very slow adoption brings that into question and signals the importance of maintaining a robust group of Track 1 ACOs", said NAACOS CEO, Clif Gaus.

For ACOs to move successfully through the continuum, most begin with Track 1, in which over 95% percent of ACOs currently operate. NAACOS believes that Track 1 needs to remain a focal point of the government's ACO program. Of Track 1, NAACOS CEO, Clif Gaus stated, "The good news is the program is still growing, albeit slower, but it's a long heavy lift for many ACOs to achieve success in Track 1 before they are ready to migrate into higher risk tracks. We need to ensure Track 1 becomes more appealing for organizations evaluating whether to join or remain the in the program."

Unfortunately, almost 70 ACOs are leaving the program at the end of this year, representing about a third dropout rate. Challenges that contributed to ACOs dropping out include experiencing difficulty achieving shared savings, having to commit considerable resources and investments for start-up and ongoing costs and dealing with administrative burdens from CMS requirements. NAACOS CEO Clif Gaus commented, "We're very concerned that due to a number of unfavorable CMS policies, almost 70 ACOs made the difficult decision to leave the program this year. We'll continue to work with CMS in an effort to improve program rules to keep ACOs in the program and enable them to progress successfully along the risk continuum. We also hope that if CMS makes necessary changes to the program these ACOs may come back in the future."

Addressing long-standing concerns with the benchmarks ACOs must meet in order to be eligible for shared savings is at the top of NAACOS' advocacy agenda. CMS is expected to release a proposed rule soon with modifications to the benchmarking methodology, and NAACOS will closely evaluate and comment on the proposal. Along with NAACOS ongoing advocacy activities, the association is ready to welcome new ACOs into its membership. As the premier national association formed and governed by ACOs, NAACOS is dedicated to serving MSSP ACOs, and NAACOS looks forward to supporting the 2016 ACOs through our education, resources, collaborative opportunities and advocacy.

Contact:

Clif Gaus

202-640-1898