

News Release  
January 21, 2021

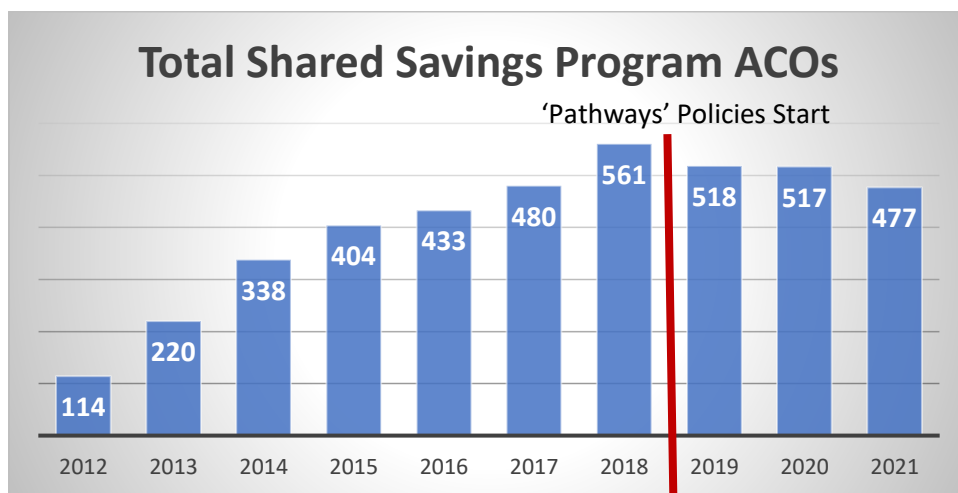


## ACO Participation Hit Low During Trump Administration

### *NAACOS Challenges Biden Administration to Rekindle Growth in Largest Value-Based Payment Program*

**WASHINGTON** — The number of participants in the largest and most successful value-based payment program reached its lowest level since the Trump administration took office four years ago, according to [new data](#) released by the Centers for Medicare & Medicaid Services (CMS). To start 2021, 477 accountable care organizations (ACOs) are participating in the Medicare Shared Savings Program, down from a high of 561 in 2018 and the lowest since 480 participated in 2017, the Trump administration’s first year in office.

The National Association of ACOs (NAACOS) [blamed](#) the steady drop in ACOs on several Trump-era policies, including 2018 changes CMS called “Pathways to Success,” which gave ACOs limited time before taking on financial risk and cut the share of savings most ACOs are eligible to keep. Last year, CMS removed the opportunity for new ACOs to apply to join the Shared Savings Program in 2021, citing the pandemic. Coupled with programmatic lows in ACOs entering the program in 2019 and 2020 because of “Pathways” changes, the incoming Biden administration inherits fewer ACOs than the Obama administration left at the start of 2017. Despite the downturn in participation, ACOs in the Shared Savings Program, whose participation is voluntary, collectively care for 10.7 million Medicare beneficiaries, more than one in six on Medicare and 30 percent not enrolled in Medicare Advantage.

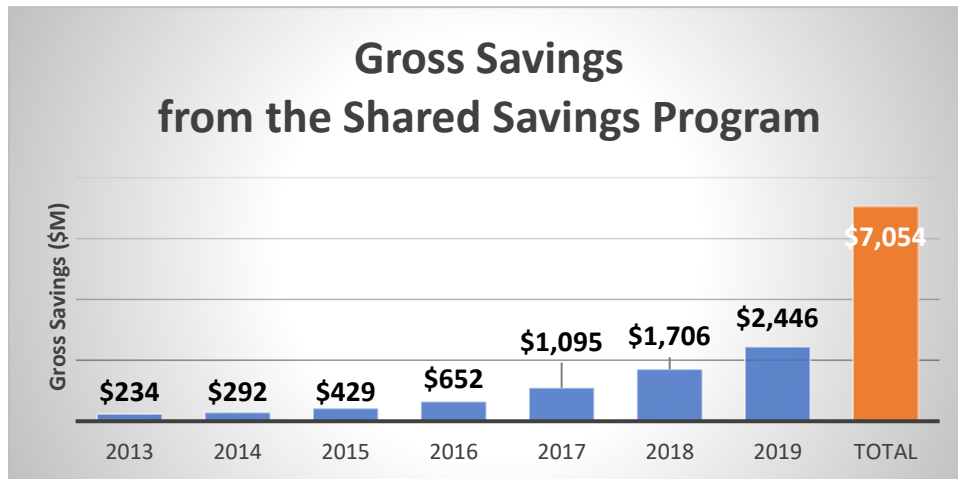


“Our healthcare payment and delivery system needs to desperately change, and ACOs offer the leading way to make that happen. A steady erosion of ACO participation damages our ability to get to where we

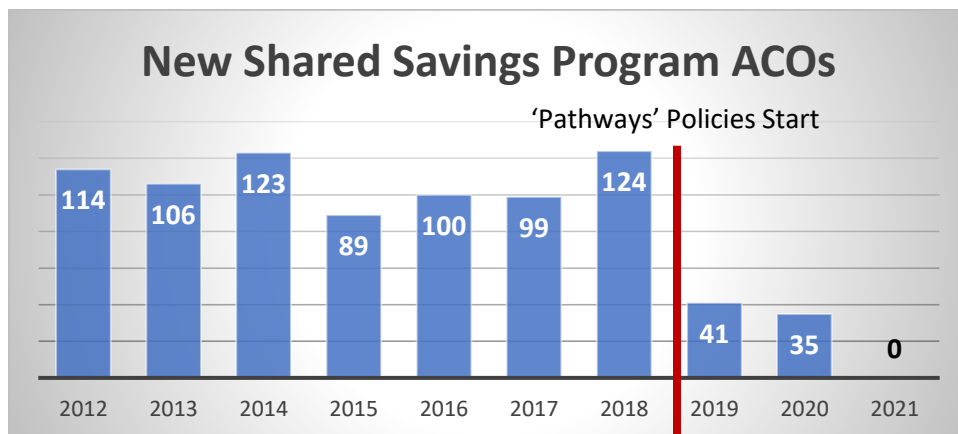
need to be,” NAACOS President and CEO Clif Gaus, Sc.D, said. “Health Secretary Nominee Xavier Becerra and the incoming Biden administration need to re-examine the balance of incentives and risk to ensure ACO growth and continued savings to Medicare, which ACOs have a history of producing.”

NAACOS offers several suggestions to attract new ACOs while retaining existing ones, including immediately offer a new opportunity to apply to the Shared Savings Program for a July 2021 start date, increase ACO shared savings rates, fix key benchmarking and risk adjustment issues, allow more time before requiring risk, revisit recently finalized quality policies, minimize administrative burdens, provide more timely and complete data, and make Enhanced track voluntary.

In contrast to the diminishing number of ACOs, the Shared Savings Program continued to produce greater savings every year and saw its [best year yet in 2019](#), the most recent year for which data is available. Serving 11.2 million seniors in 2019, the Shared Savings Program saved Medicare \$2.6 billion and \$1.2 billion after accounting for shared savings bonuses and collecting shared loss payments.



ACOs are groups of doctors, hospitals, and other providers who come together to take accountability for the cost and quality of patients. They earn the right to share with Medicare savings generated if certain spending and quality metrics are met. In addition to the positive 2019 results from CMS, multiple analyses have shown ACOs are lowering Medicare spending by 1 percent to 2 percent, which translates into tens of billions of dollars of reduced Medicare spending when compounded annually.



Other important numbers from 2021 participation data:

- 10.7 million beneficiaries are cared for by an ACO, making it far and away the largest alternative payment model in Medicare
- 41 percent of ACOs are in two-sided risk and 59 percent are in one-sided risk
- More than 467,000 physicians and other non-physicians are in ACOs
- More than 1,300 hospitals are in ACOs

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**About NAACOS.** The National Association of ACOs (NAACOS) represents more than 12 million beneficiary lives through hundreds of organizations participating in population health-focused payment and delivery models in Medicare, Medicaid, and commercial insurance. Models include the Medicare Shared Savings Program (MSSP), Next Generation ACOs, and alternative payment models supported by a myriad of commercial health plans and Medicare Advantage. NAACOS is a member-led and member-owned nonprofit organization that works to improve quality of care, outcomes, and healthcare cost efficiency.