



SEP -8 2017

*Administrator*  
Washington, DC 20201

Clif Gaus, Ph.D. Sc.  
Chief Executive Officer  
National Association of Accountable Care Organizations  
1001 G Street, NW, Suite 800  
Washington, DC 20001

Dear Dr. Gaus:

Thank you for your letter regarding the design of the new Medicare Accountable Care Organization (ACO) Track 1+ Model, available to eligible new and existing ACOs participating in the Medicare Shared Savings Program (Shared Savings Program). The Centers for Medicare & Medicaid Services (CMS) greatly appreciates you raising the concern that using the same methodology to determine the amount of the repayment mechanism for all Track 1+ ACOs as currently applies to ACOs participating in Track 2 or Track 3 may discourage participation by certain ACOs that qualify for the lowest level of risk under the revenue-based loss sharing limit under the Track 1+ Model.

In order to reduce burden on providers and suppliers that may be interested in participating in the Track 1+ Model, especially small physician practices and rural providers, we revised the design of the Track 1+ Model so that all Track 1+ Model ACOs reserve 25 percent of the maximum loss that could be incurred during a performance year. Under the revised approach, ACOs eligible for the revenue-based loss sharing limit will be required to demonstrate a repayment mechanism equal to at least 2 percent of their ACO participants' total Part A and Part B Medicare fee-for-service revenue. We believe this approach will reduce burden on ACOs and free up capital that can be used by ACOs to redesign care delivery and improve quality in order to be successful under the Model.

You further proposed reinstating reinsurance as a repayment mechanism arrangement type; although, this option was removed from the Shared Savings Program's regulations through the June 2015 final rule (80 Fed. Reg. 32692, 32783-5 (June 9, 2015)). We explained in rulemaking that our reasons for removing this option included that ACOs found it difficult to obtain reinsurance, and that the terms of reinsurance policies could vary greatly and prove difficult for CMS to effectively evaluate. However, we indicated our intention to revisit this issue if reinsurance becomes a viable option in the future. Currently, we do not believe viable reinsurance options are available. We encourage your organization and ACOs to work with partners to develop viable reinsurance options for covering potential shared losses for ACOs participating in performance-based risk payment arrangements.

We appreciate your continued commitment to meeting the Shared Savings Program's goals of better care for individuals, better health for populations and lowering growth in expenditures. I

look forward to continuing in our shared goal of improving care for Medicare beneficiaries. Please share this response with the other organizations that co-signed your letter.

Sincerely,

A handwritten signature in blue ink that reads "Seema Verma". The signature is written in a cursive style with a large initial 'S'.

Seema Verma