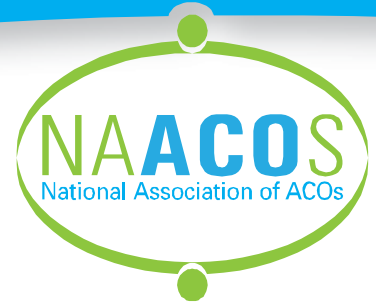




NAACOS Summary of ACO REACH Model

On February 24, 2022, the Centers for Medicare & Medicaid Services (CMS) Innovation Center [announced](#) the ACO Realizing Equity, Access, and Community Health (REACH) Model that will replace the Global and Professional Direct Contracting Model (GPDC). GPDC will sunset at the end of 2022 with ACO REACH starting on January 1, 2023. Current Direct Contracting Entities (DCEs) that remain in compliance with ACO REACH requirements do not need to reapply to participate in REACH and will be automatically shifted so long as they demonstrate compliance by January 2023. CMS released a [Request for Applications](#), and applications to participate in REACH starting next year will be due on April 22. More information can be found in this [CMS Fact Sheet](#) and the [REACH Model page](#). Additional background on GPDC can be found on various [NAACOS resources](#), including this [in-depth analysis](#).

Executive Summary

ACO REACH replaces GPDC but adds numerous improvements that NAACOS has repeatedly advocated for, which are highlighted below. NAACOS also [led advocacy](#) to keep GPDC, albeit with a different name and several changes, in the fight against its outright termination. We are pleased to see changes that make the model stronger and issued [this press release](#) supporting the changes. A summary of the differences between GPDC and REACH are highlighted on [this CMS resource](#), and NAACOS provides more information on those policy changes and others below.

- Allows an application cycle to start in ACO REACH in 2023
- Collects additional information on the ACO's ownership and updates scoring criteria to include a track record of direct patient care
- Requires governing bodies include a beneficiary representative and consumer advocate and include 75 percent Participant Providers
- Includes several new policies to promote health equity, including requiring a health equity plan and benchmark adjustments for treating underserved beneficiaries
- Reduces the discount applied to Global ACOs' benchmark to a maximum of 3.5 percent
- Reduces the quality withhold to 2 percent
- Makes changes to risk adjustment to combat risk score gaming
- Releases additional information on Continuous Improvement/Sustaining Exceptional Performance criteria
- Vows to determine if beneficiaries are being shifted from traditional Medicare to Medicare Advantage
- Adds a new benefit enhancement to give nurse practitioners more responsibilities



NAACOS is launching the **ACO REACH Coalition**, which will be dedicated to promoting shared learning and advocating on behalf of providers in the new REACH Model. We will produce webinars and resources that analyze key details and aspects of the model, house helpful resources on a standalone [webpage](#). Non-NAACOS members can sign up for access [here](#).

NAACOS WIN

CMS opted to keep the Innovation Center's premier ACO model but to evolve it into a model more focused on addressing health equity and provider-led ACOs. The new ACO REACH Model name also better reflects how it's part of the evolution to accountable care. Through these changes the agency demonstrates its commitment to provider-led organizations and value-based

Timeline

The application portal will be available from March 7, 2022 through April 22, 2022. All ACOs accepted to begin participation in 2023 will also have the opportunity to participate in an Implementation Period which will begin August 1, 2022 and run through December 31, 2022. This Implementation Period is intended to provide ACOs an opportunity to conduct voluntary alignment activities. ACO REACH will continue through 2026, the original term of GPDC.

NAACOS WIN

CMS also permanently canceled the Geographic Direct Contracting Model, which NAACOS had long advocated for.

Application

The application for ACO REACH builds upon the applications used in the Next Generation ACO Model and GPDC. Of note, CMS will now collect additional information regarding ownership and control in the ACO and requires details on the backgrounds of ACO executives and governing body members, including whether governing body members have any ownership interest or controlling interests in the ACO. The REACH application scoring criteria will include a strong track record of direct patient care, a demonstrated record of serving historically underserved communities with positive quality outcomes, and program integrity risk posed by REACH ACO ownership and parent companies.

CMS states in the Fact Sheet that these eligibility criteria are to gain better visibility into experience in healthcare delivery, ownership and financial interests, and affiliations to ensure participants' interests align with CMS's vision. CMS also vows increased up-front screening of applicants, robust monitoring of participants, and greater transparency into the model's implementation and participants' work to improve care.

NAACOS WIN

CMS's introduction of REACH means there will be a robust opportunity for ACOs to join in 2023, providing an Innovation Center model opportunity which NAACOS and many ACOs had been asking for. CMS also vows to give more transparency into model participants and getting oversight into the ownership of ACO REACH Model participants.

Governing Body

REACH makes two revisions to the composition of the ACO governing body by (1) requiring that the beneficiary representative and consumer advocate be two separate individuals, and (2) increasing to 75 percent the representation of Participant Providers on the governing body.

The beneficiary representative and the consumer advocate must each have individual voting rights, and neither can have any other connection to the ACO. They cannot be one of the ACO's providers and cannot have a financial interest in the ACO. They may, however, be reasonably compensated for their service on the governing body. Also, the model requires a minimum of 75 percent control of the governing body by Participant Providers or their designated representatives. While this represents an increase from the 25 percent requirement in GPDC, it is consistent with other ACO initiatives, including Next Gen.

NAACOS WIN

In repeated conversations with CMS leaders, NAACOS supported increased provider and patient representation on governing bodies. We feel this better aligns the model with other ACO models and gives a larger voice for providers in the ACOs' operations.

Health Equity Policies

The ACO REACH Model includes several new policies to promote health equity.

Health Equity Plan Requirement

CMS will require all REACH ACOs to submit a Health Equity Plan that includes ACO initiatives and care plans to increase access to – and quality of – care to underserved communities. CMS plans to release a sample plan that ACOs may use in developing their own document.

Health Equity Benchmark Adjustment

ACO Reach introduces a new beneficiary-level adjustment that will increase the benchmark for those ACOs serving higher proportions of underserved beneficiaries. CMS will identify underserved beneficiaries using a measure that incorporates a combination of Area Deprivation Index (percentile score from 1-100) and dual Medicaid status (Medicare only vs. full or partial dual eligibility). The Area Deprivation Index is a measure created by the Health Resources & Services Administration that ranks neighborhoods by socioeconomic disadvantage in a region and includes factors measuring income, education, employment, and housing quality, which have been linked to a number of healthcare outcomes. CMS will calculate the measure by starting with the Area Deprivation Index for a given beneficiary's census block group of residence (scored from 0-99 based on percentile relative to the nation) and applying a 25-point increase to the score for dually eligible beneficiaries.

Aligned beneficiaries will then be based on this composite measure, identifying the top decile for an upward adjustment of \$30 per-beneficiary, per-month (PBPM), and the bottom five deciles for a smaller downward adjustment (\$6 PBPM). Each ACO will then receive a net benchmark adjustment based on the number of its aligned beneficiaries in each category. The Innovation Center expects this benchmark adjustment to impact ACOs' Performance Year Benchmarks by -0.5 percent to +1 percent.

Health Equity Data Collection Requirement

Under ACO REACH, ACOs will be required to collect and report certain beneficiary-reported demographic data and social determinants of health data on their aligned beneficiaries to enable CMS to monitor the model.

ACOs will have two options for submitting the beneficiary-reported demographic data: (1) a CMS-provided questionnaire to directly collect and submit this data to CMS or (2) use their own tool using a CMS-provided excel template, provided that the data meets the USCDI v2 demographic data specification. In 2023, ACOs will earn an upward 10 percentage point adjustment on the total quality

score for successful reporting of required beneficiary-reported demographic data. In future years, ACOs may receive a downward adjustment on the total quality score for incomplete reporting.

Health Equity Questions in Application and Scoring for Health Equity Experience

For ACOs applying to begin participation in 2023, CMS will consider – as part of the application score – the ACO’s demonstrated ability to provide high quality care to underserved communities.

NAACOS WIN

In ACO REACH, CMS will place more emphasis on equity, which NAACOS has urged CMS to address in two position papers published in Fall 2021. Those papers are on how to [better position ACOs](#) to address health inequities and social determinants of health and how to address health equity through [quality measurement](#).

Discount and Withholds

Discount for Global ACOs: ACO REACH reduces the discount applied to Global ACOs’ benchmark. The discount will be set at 3 percent for 2023 and 2024 and 3.5 percent for 2025 and 2026. Under GPDC, the discount would have increased to 4 percent for 2024 and 5 percent for 2025 and 2026. This change is significant as it makes full risk an available option for ACOs for which the large discount prohibited participation.

Quality Withhold: ACO REACH reduces the quality withhold to 2 percent, compared to 5 percent in GPDC.

NAACOS WIN

NAACOS had long advocated for less of a discount in the Global risk-sharing option since it was a significant barrier to participation. The 5 percent quality withhold was also a significant barrier to many ACOs. CMS heard our concerns and the ACO REACH Model has a lower benchmark discount and lower quality withhold.

Quality Measures and Reporting

REACH ACOs will continue to report on the same four measures required under GPDC and will still receive a total quality score based on the ACO’s performance on the quality measures. All measures will be pay for performance.

For ACOs that participated in GPDC, CMS will begin applying the Continuous Improvement/Sustaining Exceptional Performance (CI/SEP) criteria beginning in 2023. One-half of the quality withhold (1 percent of benchmark) is tied to an ACO meeting the CI/SEP threshold. If an ACO meets the threshold, its total quality score is multiplied by 2 percent to determine how much of the withhold it earns back. If the ACO fails to meet the CI/SEP threshold, its total quality score is multiplied by 1 percent to determine the amount of the withhold it will recover. Additionally, ACOs that started GPDC participation in 2021 or 2022 and move to the REACH Model will be eligible for the High Performer Pool in 2023. The Innovation Center plans to release the CI/SEP criteria and Higher Performers Pool criteria in Summer 2022.

Application of the CI/SEP threshold and High Performers Pool will begin in 2024 for ACOs that begin model participation in PY2023.

NAACOS WIN

NAACOS had been asking for CMS to release more information on the Continuous Improvement/ Sustaining Exceptional Performance criteria and is pleased that CMS commits to providing the information in the coming months.

Financial Methodology

Performance Year Benchmark

In response to ongoing concerns about the risk score coding practices, ACO REACH revises the +/- 3 percent cap on risk score growth to further mitigate coding intensity. While there is no change for 2023, starting in 2024, CMS introduces two changes to the cap: (1) adoption of a static reference-year population, and (2) capping ACO risk score growth relative to ACO demographic risk score growth in determining the ACO-specific 3 percent risk score cap thresholds. For example, if an ACO's demographic risk score growth from the reference year to the performance year is +1 percent, then the symmetric 3 percent risk score cap will constrain growth between -2 percent to +4 percent. By keeping the reference population the same for the duration of the model for purposes of risk score growth, CMML is significantly limiting an ACO's ability to increase risk scores year over year.

NAACOS WIN

NAACOS views the risk score policy as a win since it adds additional protections against risk score gaming while allowing reasonable changes to risk scores over time. Overall, CMS adopts risk adjustment policies similar to other ACO programs, and additional information on the financial aspects of ACO REACH will be published this summer.

Stop-Loss

ACO REACH will revise the optional stop-loss arrangement by discontinuing use of a fixed attachment point and moving to residual-based insurance. Instead of protecting against exposure for high-cost beneficiaries whose healthcare spending exceeds a fixed attachment point, CMS will risk-adjust attachment points to reflect beneficiary risk scores and benchmarks. The goal of the change is to protect against exposure for high-cost beneficiaries whose healthcare spending exceeds their predicted spending.

Audits and Monitoring

CMS will undertake a more comprehensive review of ACO operations, including review of risk coding practices. While this change could help protect against inappropriate risk score gains, additional audits could increase administrative burden on ACOs.

NAACOS WIN

CMS vowed in its Fact Sheet to assess whether beneficiaries are being shifted from traditional Medicare to Medicare Advantage. NAACOS views this as vital to the integrity of Medicare.

Benefit Enhancements

ACO REACH will offer a new benefit enhancement that allows nurse practitioners to assume the following responsibilities without physician supervision: (1) Certify an aligned beneficiary's need for hospice care; (2) Certify an aligned beneficiary's need for diabetic shoes; (3) Order and supervise cardiac rehabilitation; (4) Establish, review, sign, and date an aligned beneficiary's home infusion therapy plan of care; and (5) Refer an aligned beneficiary for medical nutrition therapy.

Conclusion

The ACO REACH Model is the next premier accountable care model from the CMS Innovation Center. It builds upon lessons learned from the Next Generation ACO Model and offer higher levels of risk and reward than the Medicare Shared Savings Program. It also adds a focus on health equity and provides enhanced provider governance and beneficiary protections. Overall, it's the next evolution in the growth of value-based payment models. NAACOS is excited to see this be an opportunity for ACOs and looks forward to supporting ACOs that will participate.