

Aligning Incentives:

Designing shared savings and compensation models that work

Paul Trompke

VP, Revenue Management

Aledade, Inc

Aledade

Aledade is the largest independent primary care network in the country, focused exclusively on value-based care.



~3M patients

2.4K+ primary care organizations

Serving ~3 million patients across 2,400+ primary care organizations, our accountable care organizations (ACOs) help practices and health centers improve patient outcomes and generate sustainable revenue.



Aligning incentives is core to Aledade's success



Aledade value-based care arrangements



Practice arrangements

- Shared savings are split 50/50
- Aledade covers 100% downside risk
- ACO operational costs are borne by Aledade and are not deducted from shared savings prior to distribution to practices

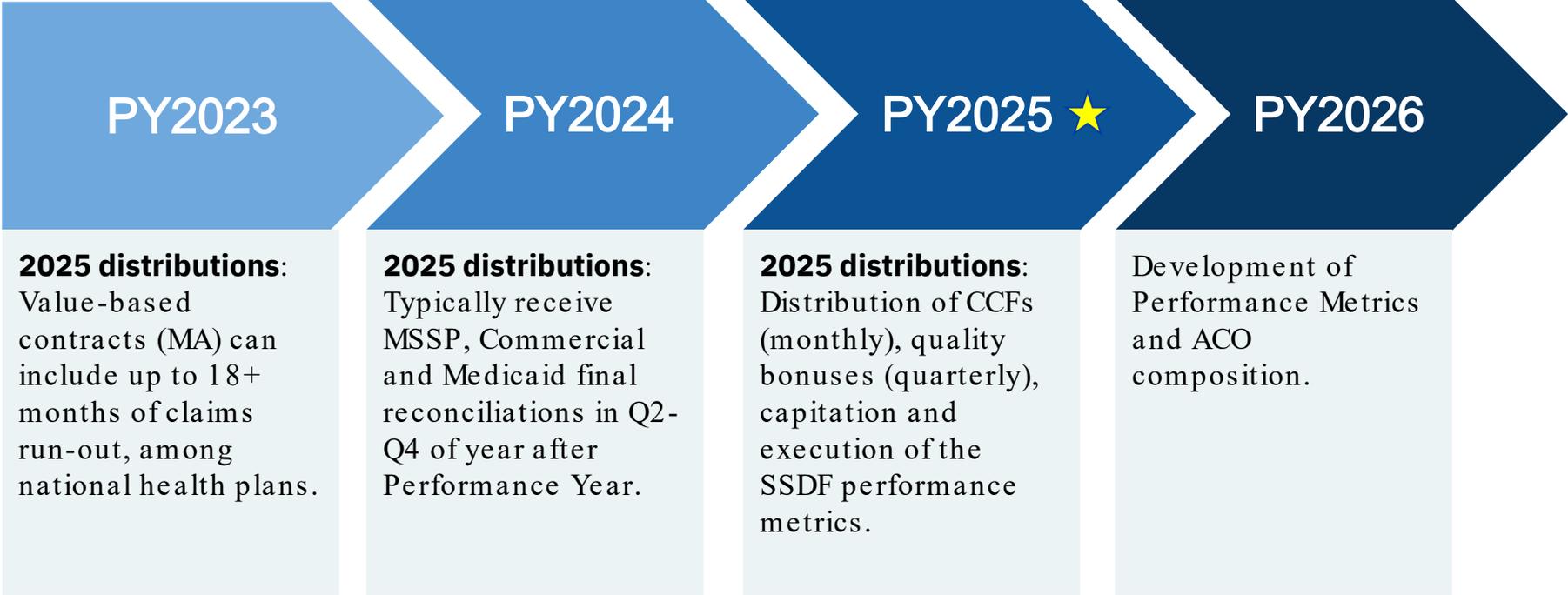


Value -based contracts

- Total cost of care arrangements
- Typical revenue types:
 - Shared savings (All ACOs)
 - Quality bonuses (Health plan value-based contracts)
 - Care coordination fees (Health plan value-based contracts)
 - PCP capitation (Health plan value-based contracts)



ACO financials span multiple Performance Years



Approach to Performance Metrics for Shared Savings

- **Our public benefit purpose:** To deliver better health, better care and lower costs, creating a health care system that is good for patients, good for practices and good for society.
- **Performance Measures span multiple population health and care transformation activities:**
 - Annual wellness visits (AWVs)
 - Clinical Quality Measurement (eg, Controlled blood pressure, Controlled HbA1c)
 - Post-acute follow-up (eg, Transitions of Care Management visits, ED follow-up calls)
 - Utilization-based metrics (eg, IP/K & ED/K)
 - Patient care programs (eg, Comprehensive Advance Care Planning)
 - Attribution retention
 - Aledade App worklists



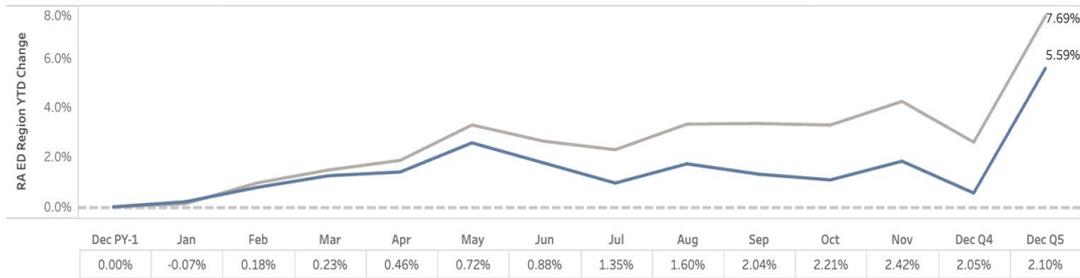
Reducing unnecessary hospitalization and ED utilization

Aledade ACOs consistently manage utilization better than regional comparison

RA Inpatient Dismissals
YTD Change



RA Emergency Dept
YTD Change

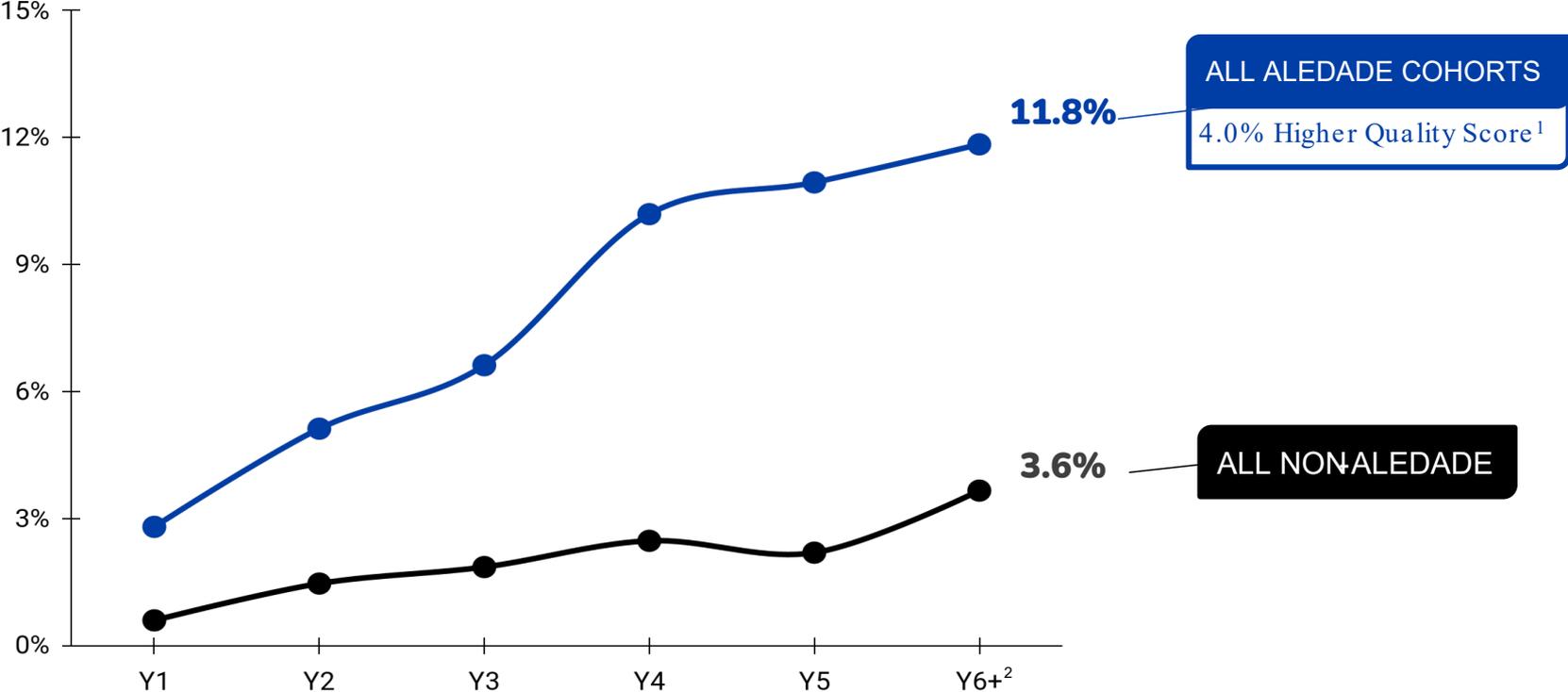


Source: CMS VRDC (MSSP)
Region is weighted average of Aledade practice locations and risk-adjusted for comparability PY2024

- Aledade outperformed regional peers on key utilization metrics that are included in SSDF:
 - Aledade Inpatient admits **1.6%** lower than the region
 - Aledade Emergency Department (ED) admits **2.1%** lower than the region
- Practices able to earn savings through both improvement or attainment of low risk-adjusted admissions



Aledade ACOs outperform others on cumulative Medicare shared savings.



1. Quality score weighted by LUM and compares Aledade performance to a similar mix of MSSP performance to account for changes in CMS quality methodology in 2022
2. Y6+ is a weighted average by lives of ACO performance for performance year 6 through year 8

Notes: Aledade analysis of CMS Public Use File available at <https://data.cms.gov/medicare-shared-savings-program>. For Aledade cohorts 2016+, PY2020 adjusted for estimated impact of COVID-19 pandemic for each cohort as a one-year correction. Latest data available through 2023. The individual performance of non-Aledade ACOs may be better or worse than the average



Care Coordination Fees provide a further opportunity for within-year incentive



Best practices for designing a Shared Savings Distribution Formula

**Standard set
of measures**

**Flexibility for
market & ACO
preferences**

**Tailor to the
Line of
Business**

**Set measure
level
thresholds**

**Provide
visibility with
pro forma and
scorecard**



Aledade



Aligning Incentives: Designing Shared Savings and Compensation Models That Work

NAACOS Annual Fall Conference

October 2025

Value Based Services Platform

Managing Health, Quality and Total Cost of 2.4M Lives



18K+

Participating
Physicians



13

Networks | ACOs | CINs



2.4M

Managed Lives



2 of 7

CMS ACO REACH
Health System
Participants
in the Nation



117

Value-Based
Contracts



\$1.9B

Total value created



72

Participating
Hospitals

Value-based care success built on capabilities fine-tuned over decades of experience managing shared savings, shared risk, professional and global capitation across CMS, commercial and Medicaid contracts.



Network Management



Value Innovation



Data Management Infrastructure



Advanced Analytics



Clinical Programs



TPA/MSO

Designing Shared Savings Models



Drives Organizational Alignment

Incentive models shape behavior. Well-designed models unite physicians, specialists, and care teams around shared goals (quality, cost, patient experience).



Build Trust and Engagement

Clear and consistent logic for how the model drives financial performance is a must
Involving physicians and administrators in the initial design phases are key
Data feedback and Performance Activation is a must



Common Challenges:

- Attribution methodologies are complex hard to understand
- Lack of Data transparency and administrative burden can limit performance feedback
- Too many quality measures, payer specific segmentation, tedious documentation, and confusing payout formulas impede implementation
- Lack of operational support to deliver performance at a physician level

2025 Enterprise MSSP Incentive Project

Objectives

MSSP Surplus Distribution

- Automate
- Standardize eligibility for incentive
- Standardize application of quality measures
- Define distinct state markets
- Calculate state benchmarks
- Fairly apportion Network operating expenses
- Set a policy for shared losses or repayment
- Reconcile incentive splits PCP vs. specialist

Challenges

1. Culture
 - Varying distribution models by state
2. Technology
 - Need for automation
 - Need for quarterly trending at the state level
3. Transparency
 - Operating expenses must be clearly delineated and apportioned
 - Quality threshold will need standard definition and support

Incentive Design Sub-
committee

Actuarial Modeling

Board Approval

Transparency

Current State

	Wake Forest	Illinois	Wisconsin	Charlotte
Infrastructure funding (operating expenses)	Above the line	Above the line	Above the line	Above the line
Risk pool (“rainy day”)	None	None	None	10%
Eligible practices/providers	ACO Participants No Hospital	CIN physicians who saw an MSSP beneficiary	MSSP Participants; Hospital Parent	CIN physicians; Hospital Parent
Basis of distribution	Risk-adjusted attribution	Per measure per patient	Volume of unique patients served	50% equal share 50% volume
Adjustments	Quality, CMD	Quality, CMD, Utilization	None	None
Distribution level	TIN level	TIN level rollup Calculated at NPI	TIN level	TIN level rollup Calculated at NPI



Regional variation in eligibility, adjustments, and division of funds needs to be reconciled

Key Concepts

Benchmarking	Eligibility	Loss-Case Scenarios	Operating Expenses
<p>Adjustments (Regional, Prior Savings, Risk)</p> <p>Area specific benchmarks are a composite of the overall ACO adjustments and the local adjustments; Enables each area to reap the benefits of ACO-level adjustments; i.e regional performance, benchmark years, prior savings, and risk score ceiling</p>	<p>Practice/Hospital Relationship</p> <p>Three different methodologies exist across four states</p> <p>Hospital Distributions</p> <p>Handled differently across all four states</p> <p>Quality Performance</p> <p>Specific thresholds set by CMS</p> <p>Primary/Specialty Care Pools</p> <p>CIN vs Employed specialists share differs by market</p>	<p>ACO Loss with CMS</p> <p>How much financial risk would practices bear vs. health system</p> <p>State/Area-Specific losses</p> <p>Redistribution of Losses to other markets? Lower distribution of positive entities to account for losses?</p>	<p>State-Level Accountability</p> <p>How would we account for operating expenses when looking at specific areas?</p>



Data measurement and performance composite score was required by Board driven by financial success metrics

Enterprise Enhanced: State-based Benchmarks

State-level benchmarks will sum to the ACO total →

To create synergy and realize the benefit of the Enterprise benchmark while maintaining local trends, recommend that the benchmark be blended →



less



less

Network operating expenses will be removed from the net surplus →



Finalized Methodology Decisions

Benchmarking	Eligibility	Loss-Case Scenarios	Operating Expenses
<p>Adjustments (Regional, Prior Savings, Risk)</p> <p>State benchmarks are a composite of the overall ACO adjustments and the local adjustments; Enables each state to reap the benefits of ACO-level adjustments; i.e regional performance, benchmark years, prior savings, and risk score ceiling</p>	<p>Practice/Hospital Relationship</p> <p>Only ACO participants can earn a distribution</p> <p>Hospital Distributions</p> <p>Distributions will be distributed to the TINS participating</p> <p>Quality Performance</p> <p>Specific thresholds set by CMS</p> <p>Primary/Specialty Care Pools</p> <p>One incentive pool with attribution defined by TIN-NPI combination</p>	<p>ACO Loss with CMS</p> <p>Participating TINs to bear financial risk</p> <p>State-Level losses</p> <p>Repayment of market specific losses into larger distribution pools</p>	<p>State-Level Accountability</p> <p>Centralized allocation of resources to state. but in event of a loss Advocate Health operating entity will bear that loss in performance year.</p>



State-level benchmarks & balances sum to ACO totals
 Quality performance relative to eCQM quality threshold

MSSP Performance Composite

Aligned with Population Health divisional scorecard and drivers of ACO performance. Produced at an organizational, divisional, and Practice Level

Domain	% of Score	Description
Quality	30%	A composite score made up of quality measures. The composite score will be between 0 and 150. Each measure will have a target established and will be individually scored on a scale of 0 to 150 like the overall composite.
CMD	30%	A composite score made up of CMD measures. The composite score will be between 0 and 150. Each measure will have a target established and will be individually scored on a scale of 0 to 150 like the overall composite.
Utilization	40%	A composite score made up of utilization measures. The composite score will be between 0 and 150. Each measure will have a target established and will be individually scored on a scale of 0 to 150 like the overall composite.
Total Score	100%	The weighted score for each of the measures will then be averaged together to produce the overall total composite.

Illinois: MSSP Line of Business Results

June 2025

	TARGET	STRETCH	MSSP
Quality			
Breast Cancer Screening	79.1%	82.9%	82.9%
Cervical Cancer Screening	-	-	-
Colorectal Cancer Screening	78.8%	82.4%	80.5%
Condition Re-Evaluation	57.1%	61.9%	69.8%
Controlling High Blood Pressure	79.6%	85.3%	79.6%
Depression Screening and Follow Up	-	-	-
Diabetes A1c Control < 8%	78.1%	81.1%	77.6%
Diabetes Kidney Health Evaluation	60.3%	69.7%	73.4%
Diabetes Statin Use	81.8%	84.7%	89.0%
Medicare Wellness Visits	77.8%	80.0%	74.0%
Well Child Visits 3-21	-	-	-
Condition Management & Documentation			
Medicare Wellness Visits	77.8%	80.0%	74.0%
Condition Re-evaluation	57.1%	61.9%	69.8%
Utilization Management			
Hospitalizations/1k	216.4	170.4	325.3
Admits/1K	182.1	139.9	272.1
Observations/1k	34.3	30.6	53.3
ED Visits/1k	261.7	240.4	274.9
Readmission Risk-Adjusted Index (O:E)	0.96	0.86	1.11
Post-Discharge Follow-up (7 Day)	50%	55%	54%
SNF Days/1k	850.0	626.0	1110.2

Quality and CMD Notes:

- Quality targets reflect HEDIS Medicare 75th and 90th percentiles
- CMD Targets are set to the Division-level; Condition Re-evaluation measure targets are updated monthly.
- Depression Screening and follow-up measure is currently unavailable in the Midwest.
- CCS and WCV are n/a for this LOB.

Utilization Notes:

- Utilization targets are set using national benchmarks for the line of business; exceptions include Readmission Index (O:E) and Post-Discharge Follow-up which are set to Division-level.



Peer to Peer comparison drives accountability and problem solving

Chronic Condition Model: CKD Shared Savings

Unique pilot with WI Nephrology group to address high spend areas with opportunities for increased financial and quality improvement in the MSSP population

Model Construction

Benchmark requires a **2% savings** minimum based on historical total cost

Patients are attributed based on CKD Stage (3-5 using HCCs), MSSP assignment, and service rendered by a group provider in the Performance Year

Shared savings of 75% (group) and 25% (ACO) for any generated savings > 2%. Quality scores (6 measures) will be applied to savings (Year 1 pay for reporting)

Transplant costs are excluded.

Quality Measures

Stage 4	
CKD Education	Percentage of stage 4 patients with CKD education completed
Vein Mapping	Percentage of stage 4 patients with vein mapping completed
Transplant	Percentage of stage 4 patients with transplant episode
Stage 5	
Transplant	Percentage of stage 5 patients with transplant episode
Home Dialysis	Percentage of patients on home dialysis
Readmissions	30-day readmissions rate for Stage 5 patients

Early Results & Learnings

-  On track to achieve shared savings in first performance year, performance in ESRD is driving savings (overall 2.7% savings rate)
-  Continued technical alignment is needed to ensure coordinated care (standardizing workflows across shared sites)
-  Challenges with determining the best quality measures, some CKCC metrics are difficult to leverage ex: Optimal Dialysis start
-  Increase in transplant referrals in 2024 (18%)
-  Increased operational strategic engagement in 2025 to improve access and operational efficiencies

Final Thoughts

Comprehensive approach to incentive models must evolve to serve the needs of your Organization



Dedicated Governance that evolves incentive strategy as your organization evolves



Non-Financial incentives

Staffing, resources, support tools are often times more powerful than monetary incentives



Care Innovation and Growth

Extraordinary patient experiences focused on empathy and value can drive new business to key physician partners



Team-Based Incentives

Exploring financial incentives to drive behavior with additional Care team members

Built on a Foundation of Trust and Transparency

Appendix

Physician Scorecard: Example 1

Plan: MSSP Enhanced Active Members 10,157
 TIN: Unattributed

Overall Composite Score*: 100%

Depression Screening contributed 7.6 Points to the overall AQC Index (44) for meeting the Threshold (50%)

AQC: 30%

CMD: 30%

Hospitalizations per 1,000 contributed 0 points because actual performance was worse than the threshold (380.5 vs. 264.4)

Utilization: 40%

Population Health Index							40	38	6%	2025 Targets				
Measure	Numerator	Denominator	Current Score	Weight	Scaled Score	Weighted Score	Baseline Scaled Score	% Change	1	2(Threshold)	3(Target)	4	5(Stretch)	
Breast Cancer Screening	1,382	2,015	69%	11%	0	0.0	66%	3%	0%	73%	79%	81%	83%	
Colorectal Cancer Screening	2,571	4,042	64%	11%	0	0.0	60%	5%	0%	72%	79%	81%	82%	
Condition Re-Evaluation	13,614	20,239	67%	11%	118	13.2	60%	13%	0%	60%	65%	68%	71%	
Controlling High Blood Pressure	2,203	3,313	66%	11%	0	0.0	66%	0%	0%	76%	80%	82%	85%	
Depression Screening	5,468	9,205	59%	11%	69	7.6	63%	-5%	0%	50%	75%	83%	90%	
Diabetes - Glycemic Status Assessment (<8%)	629	1,052	60%	11%	0	0.0	57%	5%	0%	74%	78%	80%	81%	
Diabetes - Kidney Health Evaluation	884	1,644	54%	11%	63	7.0	55%	-2%	0%	52%	60%	65%	70%	
Statin Therapy- Generic Diabetic Group	759	901	84%	11%	142	15.8	84%	0%	0%	79%	82%	83%	85%	
Medicare Annual Wellness Visit	4,523	10,118	45%	11%	0	0.0	43%	4%	0%	73%	78%	79%	80%	
Ambulatory Quality Composite (AQC) Index							44	45	-4%					
Condition Re-Evaluation	13,614	20,239	67%	50%	118	59.2	60%	13%	0%	60%	65%	68%	71%	
Medicare Annual Wellness Visit	4,523	10,118	45%	50%	0	0.0	43%	4%	0%	73%	78%	79%	80%	
Condition Management & Documentation (CMD) Index							59	63	-6%					
Measure	Numerator	Denominator	Current Score	Weight	Scaled Score	Weighted Score	Baseline Scaled Score	% Change	Threshold	Target	Stretch			
HSP / 1k	2,864	7.53	380.5	35%	0	0.0	415.8	-8%	264.4	216.4	170.4			
ADM / 1k	2,510	7.53	333.4	0%	0	0.0	364.3	-8%	224.4	182.1	139.9			
OBS / 1k	354	7.53	47.0	0%	0	0.0	51.5	-9%	40.0	34.3	30.6			
RAR O:E	138	120	1.15	10%	0	0.0	1.13	2%	1.11	0.96	0.86			
ED / 1k	2,029	7.53	269.5	20%	90	17.9	283.9	-5%	299.6	261.7	240.4			
FUV Rate	564	1,227	46%	10%	60	6.0	44%	3%	45%	50%	55%			
SNF Days / 1k	12,673	7.53	1,683.5	25%	0	0.0	1,602.3	5%	1,120.0	850.0	626.0			
Utilization Index							24	14	69%					

Scaled Score: 0	Scaled Score: 50 - 99	Scaled Score: 100 - 149	Scaled Score: 150
Below Threshold	Between Threshold and Target	Between Target and Stretch	Above Stretch

*Overall Composite Score is a weighted average of AQC, CMD, and Utilization measures.

Physician Scorecard: Example 2

Plan: MSSP Enhanced Active Members 163
 TIN: [REDACTED]

Overall Composite Score: 100%

Population Health Index							117	-7%	2025 Targets				
Measure	Numerator	Denominator	Current Score	Weight	Scaled Score	Weighted Score	Baseline Scaled Score	% Change	1	2(Threshold)	3(Target)	4	5(Stretch)
Breast Cancer Screening	48	56	86%	11%	150	16.7	86%	-1%	0%	73%	79%	81%	83%
Colorectal Cancer Screening	87	102	85%	11%	150	16.7	79%	7%	0%	72%	79%	81%	82%
Condition Re-Evaluation	158	228	69%	11%	137	15.2	60%	16%	0%	60%	65%	68%	71%
Controlling High Blood Pressure	69	92	75%	11%	0	0.0	84%	-10%	0%	76%	80%	82%	85%
Depression Screening	130	159	82%	11%	123	13.6	84%	-3%	0%	50%	75%	83%	90%
Diabetes - Glycemic Status Assessment (<8%)	19	27	70%	11%	0	0.0	68%	4%	0%	74%	78%	80%	81%
Diabetes - Kidney Health Evaluation	31	42	74%	11%	150	16.7	78%	-5%	0%	52%	60%	65%	70%
Statin Therapy- Generic Diabetic Group	16	17	94%	11%	150	16.7	94%	0%	0%	79%	82%	83%	85%
Medicare Annual Wellness Visit	122	163	75%	11%	70	7.8	76%	-1%	0%	73%	78%	79%	80%

Controlling High Blood Pressure contributed no points to the overall AQC Index (103). This practice was 1% below the Threshold (76%)

AQC: 30%

Ambulatory Quality Composite (AQC) Index							115	-10%					
Condition Re-Evaluation	158	228	69%	50%	137	68.3	60%	16%	0%	60%	65%	68%	71%
Medicare Annual Wellness Visit	122	163	75%	50%	70	35.2	76%	-1%	0%	73%	78%	79%	80%

CMD: 30%

Condition Management & Documentation (CMD) Index							105	-1%			
Measure	Numerator	Denominator	Current Score	Weight	Scaled Score	Weighted Score	Baseline Scaled Score	% Change	Threshold	Target	Stretch
HSP / 1k	25	0.11	223.2	35%	93	32.5	161.7	38%	264.4	216.4	170.4
ADM / 1k	18	0.11	160.7	0%	125	0.0	127.0	27%	224.4	182.1	139.9
OBS / 1k	7	0.11	62.5	0%	0	0.0	34.6	80%	40.0	34.3	30.6
RAR O:E	0	0	0.00	10%	150	15.0	0.00	N/A	1.11	0.96	0.86
ED / 1k	30	0.11	267.9	20%	92	18.4	277.2	-3%	299.6	261.7	240.4
FUV Rate	14	17	82%	10%	150	15.0	90%	-8%	45%	50%	55%
SNF Days / 1k	17	0.11	151.8	25%	150	37.5	0.0	N/A	1,120.0	850.0	626.0

The practice's hospitalization rate met the minimum threshold but **not** the performance target (223.2 vs. 216.4)

Utilization: 40%

Utilization Index							128	-8%			
-------------------	--	--	--	--	--	--	-----	-----	--	--	--

Scaled Score: 0	Scaled Score: 50 - 99	Scaled Score: 100 - 149	Scaled Score: 150
Below Threshold	Between Threshold and Target	Between Target and Stretch	Above Stretch

*Overall Composite Score is a weighted average of AQC, CMD, and Utilization measures.

Aligning Incentives: Designing Shared Savings and Compensation Models That Work

NAACOS Fall 2025

Natalie McGann, D. O.

Medical Director

Tandigm Value Partners ACO

TriValley Primary Care: Family Physician, Shareholder, and Clinical Co-Chair



Tandigm Value Partners ACO

- ACO Greater Philadelphia Area
 - TriValley Primary Care
 - Grand View Health
 - Kuhar Medical Practice
- MSSP Enhanced Track
- Prospective attribution
- Performance by Year:

Performance Year	Attribution	Savings Rate
2022	11,150	6.37%
2023	11,402	8.42%
2024*	11,596	13.37%*

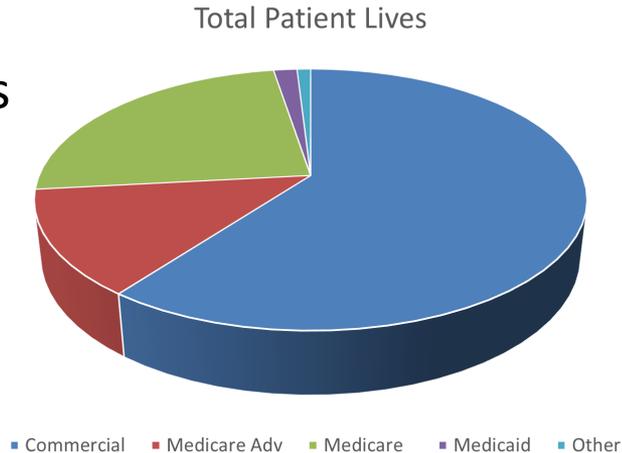
*Pending final adjustment by Medicare



TriValley Primary Care



- Independent Primary Care Practice
- 31 Physician shareholders
- 15 CRNPs
- 200 Employees



- Value Based Contracts
 - Medicare MSSP and Primary Care First
 - Commercial Contracts
 - Aetna
 - Independence Blue Cross
 - Medicare Advantage Contracts
 - Aetna
 - Independence Blue Cross
 - Humana
 - United Healthcare



Approach to Value-Based Care

- All patients, all payors
- Population Health Specialist
- Care Manager
- Clinical Site Lead (Physician)
- Clinical Committee (Physicians)
- Certified coder
- AI Coding software overlay on EMR
- Tech-enabled Care Coordination
- Keep your morale compass pointing true north



BUILDING BRIDGES in VBC

SPECIALIST

- “Call Your Primary”

PCP

- “Call Us First”



A DAY IN THE LIFE . . .

- The average office visit:
 - Screening
 - Falls risk, incontinence, dementia, depression in 15 minutes or less
 - Disease management
 - DM, HTN, Depression
 - Accurate coding
 - Brace yourself . . . I'm about to call you morbidly obese
 - Expectation setting
 - Shouldn't everyone be on a GLP-1 inhibitor?
 - Doorknob extra's
 - Oh by the way chest pain and forms
 - Patient satisfaction
 - If asked, please say you still like me



WHAT DO PCPS WANT?

CONVENORS

- Creative contracts
- Progressive and flexible support
- Data and analytics
- A seat at the table

HEALTHSYSTEMS

- Don't discount the power of the independents - make room for collaboration
- We don't have to be diametrically opposed
- Help foster partnership between specialists and pcps
- We can get the right folks across your threshold and keep the right folks out
- A seat at the table



THE INDEPENDENT DIFFERENCE

- AUTONOMY
- PERSONALIZED PATIENT CARE
- OPERATIONAL CONTROL
- FLEXIBILITY



GENERATING SHARED SAVINGS

EARN

- Accurate coding and education
 - Use more than 1 tool
 - AI software
 - Coder support
 - PHYSICIAN leadership
 - Quality STATs
 - Quality Benchmarks

SAVE

- Control utilization
 - Integrated Delivery Network (IDN)
 - Communication
 - ADT feeds, Interfaces, Consults, Provider to provider
 - Reports
 - Relationship building and networking



TriValley's Secret Sauce for MSSP Earnings Distribution

- 10% PMPM advance
- 10% Operational withholding
- 15% Employee bonus/Leadership compensation
- 65% RESERVED FOR PHYSICIAN COMPENSATION
 - 20% Even split per shareholder
 - 80% Allocated to offices based on member lives



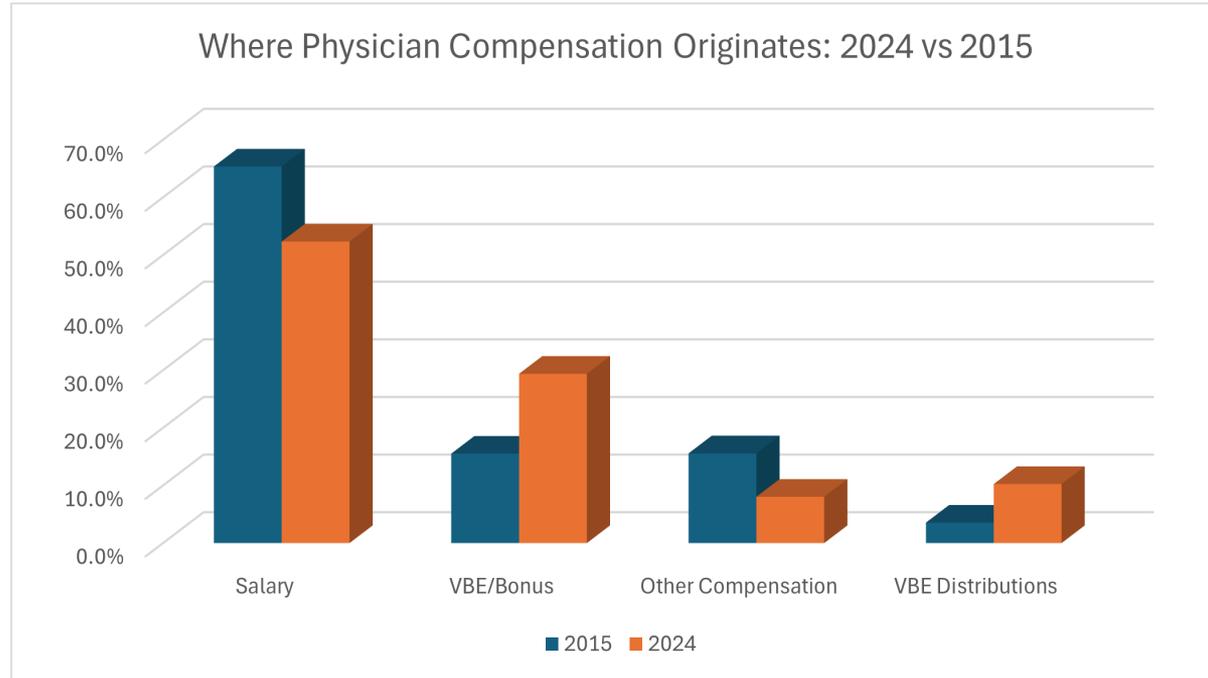
TriValley's Employee and Leadership Bonus Breakdown

- Employees:
 - Practice Administrator 1.5% (tin)
 - Office Managers 3% (of all VBE at site level, capped)
 - Population Health Specialists 1% (site)
 - Care Managers 1% (site)
 - Teams divide remaining dollars as determined by office, including CRNPs
- Leadership Roles:
 - Chairperson 1% (tin)
 - IT Lead 1% (tin)
 - Clinical Chair Coding and Compliance 1% (tin)
 - Clinical Chair Strategy and Value-Based Programming 1% (tin)



TriValley Physician Compensation Over Time

- Over the past 10 years, physician compensation has evolved
 - From standard salary + a little in bonus earnings and owner distributions
 - To less originating from standard salary, and much more dependent upon value-based earnings and owner distributions



LOOKING TO THE FUTURE



- SIMPLIFIED ATTRIBUTION
 - AWV
- UNIFIED QUALITY METRICS
 - Single-stream workflows
- BETTER CONTRACT ALIGNMENT
 - CMS, MA and Commercial
- IMPROVED PAYOR CAPITATION RATES
 - Maintain cashflow

