

NAACOS SPRING 2026 · BREAKFAST SESSION

# Steering the Ship

Navigating your ACO through policy headwinds

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# When doing everything right isn't enough

The biggest threat to ACO performance has shifted from medical risk to policy and pricing risk.

## 1 Medical Risk

SHOWS UP AS

Utilization · admissions · disease mix

Care coordination, network design, clinical excellence. Most ACOs' deepest playbook.

## 2 Operational Risk

SHOWS UP AS

Data pipelines · coding · TIN churn · analytics

The execution layer. Fixable with process and investment.

## 3 Regulatory & Pricing Risk

SHOWS UP AS

ACPT · rebasing · fraud trend · Global discount

Driven by program rule changes and policy updates.

FOCUS OF THIS SESSION

**THE THESIS** *"The ACOs that come out ahead will treat regulatory and pricing risk with the same discipline they bring to clinical risk."*

**TODAY** 5 concrete headwinds · 3 modes of response · 2 advocacy asks

# Headwind 1: Prospectively set trends (ACPT)

*1/3 of MSSP trend locks at agreement start. CMS has systematically under-forecast — and 2026 looks like another miss.*

## THE LOCKED-TREND PROBLEM

- MSSP trend =  $\frac{2}{3} \times \text{actual} + \frac{1}{3} \times \text{ACPT}$ .
- ACPT locks for 5 years — no mid-period adjustment.
- OACT has systematically under-forecast.
- Recent hits: ~\$980M (PY24), ~\$906M (PY25).
- No retrospective catch-up apart from re-weighting.

## THE 2026 TWIST

2025 → 2026 USPCC TREND

**3.0%**

- Historically tracks MA Final Rate Announcement.
- CMS prices in skin-sub savings MSSPs won't see.
- Likely too low for 2026-start ACOs.

## WHAT YOU CAN DO

1. Stress-test ACPT exposure by start year.
2. Evaluate early renewal annually.
3. **Advocate: RTA guardrail in MSSP via PFS-2027.**

# Headwind 2: Rebasing & ratchet — but compared to what?

*5-year MSSP rebasing vs 10-year LEAD. Conventional wisdom says LEAD wins, but logic is incomplete.*

## MSSP — THE RATCHET HAS OFFSETS

- 5-year rebasing suppresses your next benchmark.
- But: Regional Adjustment moves benchmark with the region.
- But: Prior Savings Adjustment credits historical savings back.
- A 5-year clock you can plan around with known offsets.

## LEAD — 10 YEARS, ~5 YEARS SPEC'D

- Years 6–10: rate-book blend signaled — no spec released.
- Regional transition speeds vary by geography.
- AI-inferred risk scores effectively undefined.
- CMMI has changed REACH rules mid-period before.

*You may be trading a quantifiable ratchet for unquantifiable policy risk.*

**WHAT YOU CAN DO** Don't price LEAD's 10 years as risk-free · Quantify MSSP's regional + PSA offsets first · Treat CMMI rule-change risk as a line item.

# Headwind 3: FWA — the hidden tax you didn't cause

*Catheter fraud and skin substitutes inflated FFS trend. CMS is treating the resulting spend asymmetrically across ACO programs.*

2023 - 2025

## Catheter fraud

Anomalous DME billing amounting to \$10B+ to Medicare FFS over past 3 years.

2023 - 2025

## Skin substitutes (SAHS)

Multi-billion-dollar Part B ramp. 2026 fee-schedule prices it down — but 2024/25 is already in the trend.

PY2025 RECONCILIATION

## Asymmetric relief

CMS carved ~90% of skin-sub spend out of REACH reconciliation — denied MSSP the same relief.

FRAUD-DRIVEN SHARE OF RECENT ~9% FFS  
TREND

~4.5%

## WHAT YOU CAN DO

1. Run own-data FWA surveillance.
2. Early Identification and Advocate.

# Headwind 4: LEAD Global's 3% discount is a breakeven you have to earn

MSSP and LEAD benchmarking have converged. The 3% Global discount is the entry fee for 100% retention.

## NET SAVINGS KEPT (% OF BENCHMARK) BY PROGRAM

Gross savings	MSSP Enhanced (75%)	LEAD Pro (50%)	LEAD Global (100% × (\$ - 3%))
3%	2.25%	1.50%	0.00%
6%	4.50%	3.00%	3.00%
9%	6.75%	4.50%	6.00%
12%	9.00%	6.00%	9.00%
15%	11.25%	7.50%	12.00%

Global vs Enhanced breakeven: **~12% savings**

Global vs Professional breakeven: **~6%** – but Professional has no regional adjustment, so the real breakeven is higher.

## REINSURANCE AS A TRACK-SELECTION LEVER

### Reshapes tails.

- Can't hedge policy risk (ACPT miss, LEAD unknowns, FWA asymmetry).
- Can reshape the shared-losses tail which changes the track you can afford.
- MSSP: makes Enhanced tolerable for an ACO stuck at Track E; supports a lower MSR/MLR election.
- LEAD: caps Global's downside tail. Makes Global tolerable for ACOs that couldn't otherwise accept 100% loss exposure.

## WHAT YOU CAN DO

1. Build your own breakeven grid across MSSP Enhanced / LEAD Pro / LEAD Global.
2. Don't let 100% retention sell Global. Pair with the discount and your savings distribution.
3. Price aggregate reinsurance alongside the track decision and treat the quote as a model input.

# Headwind 5: Quality — two very different games

Quality scoring is a CMS-set pricing lever, not a clinical topic. It changes how much of your savings you keep — and the mechanics differ structurally.

## MSSP — GENEROUS SCORING, HARDER LIFT

### Lower bar — if you can report.

- Quality threshold for full performance is low.
- But: eCQM reporting is all-payer / all-patient.
- Multi-TIN / multi-EMR = enterprise-wide data + submission build.
- Generous scoring, but the entry ticket is infrastructure.

## LEAD — WITHHOLD YOU EARN BACK

### Expect a recurring haircut.

- Withhold on earned savings — you must earn it back.
- REACH base rate: very few ACOs earned the full withhold.
- But: eCQM scope is aligned-Medicare only — easier than MSSP.

#### eCQM PHASE-IN (LEAD ONLY)

Y1-2: Optional

Y3-4: P4R

Y5+: P4P

**WHAT YOU CAN DO** Model expected quality withhold into LEAD breakeven · Assess eCQM readiness today · Use LEAD phase-in as a timing lever.

# Recap

## MODELING

### Actuarial discipline

1. Stress-test ACPT by agreement-period start year.
2. Build your own breakeven grid (MSSP Enhanced / LEAD Pro / LEAD Global) with expected quality withhold layered in.
3. Price aggregate reinsurance alongside the track decision.
4. Quantify MSSP's rebasing offsets (regional + PSA).

## OPERATIONAL

### Cadence & capability

5. Ongoing scenario modeling — not annual post-reconciliation.
6. Run your own FWA surveillance (DME, skin-sub, NPI outliers).
7. Assess eCQM readiness honestly — multi-year build.
8. Evaluate early renewal annually.

## ADVOCACY

### Policy asks, with vehicles

9. PFS-2027: adopt LEAD's RTA guardrail in MSSP.
10. Cross-program FWA parity
11. Spec the back half of LEAD (rate-book blend, AI-RAF, regional transitions).

*"The ACOs that come out ahead will treat regulatory and pricing risk with the same discipline they bring to clinical risk."*