

News Release
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Leading Health Groups Ask for Flexibility in ACO Spending Targets *Options Needed in Light of Anomalies for Medicare Spending in 2020*

WASHINGTON — In a [letter](#) sent today to the Centers for Medicare and Medicaid Services (CMS), 12 leading healthcare associations and stakeholder organizations urged Medicare to better account for the COVID-19 pandemic in accountable care organizations' (ACOs) financial targets. Specifically, the groups, led by the National Association of ACOs, are asking for an option to select pre-pandemic years on which to base benchmarks, citing fairness in the way performance is measured in light of the global pandemic.

ACOs' financial targets are based primarily on ACO participants' historic spending, which are 2019–2021 for an ACO starting or renewing an agreement in 2022. Because Medicare spending fell nationally by roughly 7 percent in 2020, many ACOs will be harmed by having future performance judged against a spending target based partly on 2020, which was such an abnormal year. In other words, benchmarks might be unrealistically low because they're based on a year in which many patients avoided routine medical care.

In an [analysis](#) conducted by the [Institute for Accountable Care](#), 45 percent of ACOs entering a new contract in the Medicare Shared Savings Program (MSSP) would be harmed unless currently policy is changed. This includes more than 10 percent of those ACOs that are set to see their benchmarks rise by more than 3 percent because of the inclusion of pandemic-stricken years.

“By allowing an option to use earlier years to set MSSP benchmarks for certain ACOs, CMS will avoid the anomalies in utilization resulting from the COVID-19 pandemic. This provides a more credible baseline for certain ACOs disproportionately harmed by the pandemic,” the letter states. “Those such ACOs are currently evaluating whether to enter new five-year agreement periods. Having a longer agreement period means the effects of pandemic-stricken years will follow ACOs for a significant amount of time. This is particularly problematic as ACOs move to take on greater levels of risk.”

There's precedent for the letters' request. CMS has modified other Medicare payment systems and value-based payment programs not to use data from years affected by the COVID-19 pandemic to set future financial and/or quality benchmarks. The CMS Innovation Center's Global and Professional Direct Contracting Model uses 2017–2019 years for financial benchmarks.

“If this administration is serious about getting all patients into a clinical relationship with providers accountable for their outcomes, they need to create a fair, level playing field for how ACOs are held accountable,” said Clif Gaus, Sc.D., NAACOS president and CEO.

The letter was signed by the American College of Physicians, American Hospital Association, American Medical Association, AMGA, America’s Essential Hospitals, America’s Physician Groups, Association of American Medical Colleges, Federation of American Hospitals, Health Care Transformation Task Force, Medical Group Management Association, NAACOS, and Premier healthcare alliance.

ACOs continue to be the best alternative payment model to control Medicare spending and improve the quality of care. ACOs in MSSP [generated \\$4.1 billion in gross savings](#) in 2020 and \$1.9 billion after accounting for shared savings payments, which are both program highs. MSSP ACOs also received an average quality score of 97.8 percent, a new program best.

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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.