

News Release  
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## Medical Groups Pledge Support of House ACO “Rural Glitch” Bill *Legislation Corrects Flaw in ACOs’ Financial Targets*

**WASHINGTON** — In a [letter](#) sent to Congress today, 13 leading healthcare organizations, including the National Association of ACOs (NAACOS), expressed their strong support for a recently reintroduced bill that fixes a flaw in the way financial targets, or benchmarks, are set for Medicare accountable care organizations (ACOs).

The Accountable Care in Rural America Act (H.R. 3746) would improve the accuracy and fairness for evaluating ACOs, especially those in rural areas. Specifically, the bill would require the Centers for Medicare & Medicaid Services (CMS) to remove an ACO’s assigned patients when calculating the costs of patients in the ACO’s region, which partially determines that ACO’s benchmark, the CMS-set spending target to which an ACO is held accountable. The move would more fairly and accurately compare an ACO’s spending to its surrounding area. The bill is sponsored by Reps. Jodey Arrington (R-Texas), Suzan DelBene (D-Wash.), Mike Kelly (R-Pa.), Ami Bera (D-Calif.), Tom O’Halloran (D-Ariz.), Terri Sewell (D-Ala.), Neal Dunn (R-Fla.) and Lance Gooden (R-Texas).

When the Medicare Shared Savings Program (MSSP) started in 2012, ACO benchmarks were made entirely of ACO participants’ historical spending. This approach wasn’t sustainable because ACOs would continue to lower costs and benchmarks could only go so low, leading CMS to incorporate Medicare spending from an ACO’s region into benchmarks. This regional adjustment rewards ACOs with costs lower than others in their surrounding area and is an approach seen in other programs such as Medicare Advantage. However, the way CMS defines the “region” for ACOs is flawed and unfairly disadvantages ACOs who make up a large part of their market. The flaw is dubbed the “[rural glitch](#)” because it largely affects rural ACOs, although most ACOs would benefit from the solution in the Accountable Care in Rural America Act.

“No ACO should be placed in a less favorable financial position due to their geography alone, and design flaws that discourage ACOs from operating in rural areas should be eliminated,” the letter to the bill’s sponsors states. “This legislation fixes an important flaw in the current MSSP benchmarking methodology — a flaw that systematically disadvantages many ACOs, including a high proportion in rural areas, and makes it harder for them to achieve savings even when they improve quality and reduce costs.”

The letter was signed by Aledade, the American Academy of Family 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.

Researchers at [Harvard University](#), the [Medicare Payment Advisory Commission](#), and [Dobson DaVanzo & Associates](#) have all shown ACOs are lowering Medicare spending by 1 percent to 2 percent, which translates into tens of billions of dollars of reduced Medicare spending when compounded annually. According to an [analysis](#) of CMS data from public use files, ACOs from 2012 through 2019, including those in the MSSP and Next Generation ACO Model along with the now expired Pioneer ACO Model, have saved Medicare \$8.5 billion and \$2.5 billion after accounting for shared savings payments, shared loss payments, and discounts to CMS.

“The full promise of the accountable care model — and the MSSP — can only be realized if all ACOs have an opportunity to be rewarded for their efforts to improve quality and reduce costs,” the letter states. “Ensuring that program methodologies are fair and create appropriate incentives for behavior change is critical to driving clinical and practice transformation.”

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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.