

News Release
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Hundreds of Healthcare Organizations Rally in Support of Direct Contracting *Letter to Health Secretary Calls for Program to be Fixed, Not Ended*

WASHINGTON —In [a letter](#) delivered today, 222 organizations asked Health and Human Services Secretary Xavier Becerra to “fix, don’t end” the Direct Contracting Model. Supporters include prominent trade groups, like the National Association of ACOs, health systems, medical practices, Direct Contracting Entities (DCEs), ACOs, and others.

The National Association of ACOs (NAACOS) understands Becerra and the White House are weighing the future of Direct Contracting, including the possibility of cancelling the program. Instead, policymakers should make necessary refinements to improve the model in support of patients and providers. Direct Contracting is currently the premier accountable care model from the CMS Innovation Center and seeks to build on the successful Next Generation ACO Model, while redesigning healthcare delivery and payment. Like other ACO models, participants have incentives to assure preventative services, manage complex chronic diseases, and coordinate care across multiple providers.

“Cancelling Direct Contracting would additionally undermine the work of the Center for Medicare and Medicaid Innovation (Innovation Center) and the Centers for Medicare & Medicaid Services (CMS),” the letter states. “Rather than cancelling Direct Contracting, a better option is to adjust the model, which the CMS Innovation Center can quickly do. Fix, don’t end, the Direct Contracting Model.”

Fixes could include a rebranding and name change would also help communicate how this model is part of the evolution to accountable care, additional constraints on participation and enhanced patient protections. CMS could also make clear that the Geographic Direct Contracting Model, which is being confused with the very different Global and Professional options, is stopped entirely.

Should Global and Professional Direct Contracting be abruptly ended, healthcare providers would be terminated from value-based payment participation without warning, making them far less likely to invest and participate in future CMS payment models.

“CMS officials have stated that DCEs have proportionately more providers in communities with high numbers of low-income and minority patients. The model in fact incentivizes care for sicker, high-needs patients,” the letter states “Lessons learned from the model could be applied to other payment models. Canceling Direct Contracting would hurt our health system’s efforts to address health disparities.”

The Next Generation ACO Model, on which Direct Contracting is based, has improved care and generated \$1.7 billion in gross savings and \$836 million in net savings to CMS between 2016 and 2020. [ACOs overall have saved](#) Medicare \$13.3 billion in gross savings and \$4.7 in net savings since 2012. Importantly, data show these ACOs continued to provide high-quality care and yield satisfied patients. Today, ACOs care for nearly 20 percent of all Medicare patients and nearly a third of traditional Medicare patients.

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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), Global and Professional Direct Contracting, 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.