

CAPITOL STREET

February 27, 2025

CMS's Center for Innovation Outlook in a Trump World

Bipartisan Support, New Focus

Relevant Companies



»» Our Take & Next Up

The Center for Medicare & Medicaid Innovation (CMMI) is likely to survive (albeit with a skeletal staff), with more cost-containment goals, evaluating mandatory models, as well as pondering MA (risk adjustment) and potentially drug pricing models. Abe Sutton is slated to lead CMMI, which has tested value-based care models under both Republican and Democratic administrations. CMMI has been criticized for incurring more losses than savings, leaving the future of the agency in doubt (see performance metrics below). We think that coding practices by Medicare Advantage plans would be explored as a new model, as well as one targeting drug prices under Dr. Oz (CMS) and Abe Sutton (CMMI). Sutton previously worked on the Kidney Care Choices model in the prior Trump Administration. The timeline for new models being announced is unclear, but we believe some directionality may be provided as soon as mid-2025.

»» Key Points

We attended a value-based care conference, where Republican and Democratic Hill staff predicted that CMMI will not be eliminated (link [here](#)). There is also an expectation that the ACO REACH model, with savings of \$1.6B, will likely continue as it was originally a Trump model, but renamed/refocused. Another separate panel of physicians at this week's meeting insist that CMMI should be retained and that models like ACO REACH need to continue, regardless of what they are named.

One thing that concerns us: 15% of CMMI has been cut (DOGE) and another chunk may go, leaving CMMI skeletal for a period. A majority of the HHS reductions have hit workers at CMMI. We would not be surprised to see more as much of CMMI staff has come in through non-traditional means, leaving almost half of the agency vulnerable.

Trump CMMI's likely new set of priorities are as follows. (1) Cost containment, (2) reconfiguring models (case-by-case basis), particularly mandatory ones (like TEAM, see below) (3) converting equity requirements to rural/urban (4) new drug models given the continued focus on high pharmaceutical prices, and (5) MA - coding, risk adjustment.

CMMI develops and tests healthcare payment and care delivery models to improve patient care, lower costs, and align payment systems to promote patient-centered practices. In general, we view models in progress as having a greater chance of survival than those that have not begun. Some notable programs include:

- **ACO REACH & MSSP**: ACO REACH evolved from the Global and Professional Direct Contracting (GPDC) Model and aims to shift traditional Medicare payments toward value-based arrangements. ACO REACH started on January 1, 2023, and spans four performance years, ending December 31, 2026. On MSSP (permanent program), there is growing momentum for MSSP to introduce a full-risk track, similar to ACO REACH, which could provide an alternative path for participants seeking greater financial accountability. *We think ACO REACH will be extended, but new leadership will want to thoroughly evaluate the program first. MSSP may be reconfigured.*
- **Cell and Gene Therapy (CGT) Access Model**: The Cell & Gene model at CMMI was scheduled to start Jan. 1, 2025 with CMS finishing out outcomes-based agreement (OBA) negotiations with sickle cell disease gene therapy manufacturers, BLUE & VRTX. *We think the CGT model will remain in place.*
- **Kidney Care Choices Demo**: KCC is aimed at improving care for patients with late-stage chronic kidney disease (CKD) and end-stage renal disease (ESRD). The model started January 1, 2022 and runs through December 31, 2026. *We think the KCC model, originally headed by incoming CMMI Director Abe Sutton, will remain in place.*
- **TEAM Demo**: The purpose of this model is to “improve quality of care for people with Medicare undergoing certain high-expenditure, high-volume surgical procedures by reducing rehospitalization and recovery time while lowering Medicare spending and driving equitable outcomes.” TEAM is a 5-year, mandatory episode-based payment model that starts January 2026. Hospitals that are required to participate would be chosen based on geographic regions from across the US. *We believe that this is a candidate for removal or delay as it hasn’t started yet and medical device makers as well as other stakeholders are strongly opposed.*

What may Abe do? Abe Sutton is slated to lead CMMI ([here](#)). Sutton may focus on quickly scaling high-performing models, refocusing CMMI’s equity work on rural health, and emphasizing rapid return on investment (ROI). He may view long-model timelines negatively, as they run counter to private-sector investor expectations of ROI ([here](#)). Sutton served in the White House as an Associate Director of the National Economic Council and a policy advisor at the Domestic Policy Council. During Trump’s first administration, he also worked at HHS as an advisor to the secretary. He led the first Trump administration’s Kidney Care Initiative and was actively involved in drug pricing policy and individual market insurance reforms. Since 2021, Sutton has worked for healthcare investment firm Rubicon Founders with founder and former CMMI director Adam Boehler.

CMMI’s past performance has been questionable. The agency faced scrutiny following a September 2023 [report](#) by the Congressional Budget Office, which found that CMMI spent \$5.4 billion more than it saved in its first decade. Meanwhile, CMMI’s 2022 Report to Congress ([here](#)) found that six of 33 model tests have delivered statistically significant savings, and only four met the criteria for expansion:

- The Pioneer ACO Model (as tested in its first two years),
- Health Care Innovation Award’s Y-USA Diabetes Prevention Program (DPP) model test,
- Medicare Prior Authorization Model: Repetitive Scheduled Non-Emergent Ambulance Transport (RSNAT) Model
- Home Health Value Based Purchasing (HHVBP) Model

Prior CMMI Directors include:

- **Richard (Rick) Gilfillan, M.D.** (2010–2013)
- **Patrick Conway, M.D.** (2013–2017)
- **Adam Boehler** (2018–2019)
- **Brad Smith** (2020–2021)
- **Elizabeth (Liz) Fowler, Ph.D., J.D.** (2021–2023)

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