

ACO REACH Winner List Coming

Multi-Payer CMS Models Unlikely Near-Term, CMMI Pivots to Specialty Care

Capitol Street hosted a webinar with Mara McDermott of McDermott+ Consulting. McDermott, JD & MPH, provided insight on the future of Value Based Care and Accountable Care Organization (ACO) Realizing Equity, Access, and Community Health (REACH) Model emphasizing the administration's proactive policy agenda to get more enrolled in accountable care models. She emphasized that ACOs are at a pivotal time where both political parties have shifted to pondering whether ACOs are the right path forward to fix the "flawed" FFS system.

- **ACO REACH winners are likely to be announced sometime over the next 1-2 weeks.** McDermott noted the somewhat high rejection rate (see bullet below), largely from health systems / new entrants versus physician enablement companies that will transition from Direct Contracting (DC) to ACO Reach (CANO, OSH, AGL, others). We expect the announcement to be released [here](#).
- **New June 30 data on the number of ACO REACH applicant indicates that >50% were rejected.** On June 30, CMMI noted here that it accepted 128 ACO REACH applicants (47% of applicants) leaving out 140 organizations, over 50%, with little explanation. The application will open again in 2024, leaving those who were not accepted to have a new opportunity. However, the 128 accepted and the 99 rollover DCEs still leaves the CMMI pilot as with largest CMMI model to date.
- **Modifications to the ACO REACH program (Feb 2022) were framed as a 'rebrand', but there was an opportunity to do more.** The CMMI strategy may not have proven to work out in the future, according to McDermott, as we have seen pushback from progressives on Direct Contracting, which likely comes from a misunderstanding of GEO (Geographic Model) and GPDC (Global and Professional Direct Contracting). The rebrand allowed for more health equity components, a top priority for this administration.
- **ACO benchmark comments are being sought by CMS, with a "risk score cap" pondered for 2024 (negative for AGL, OSH, others) in the proposed '23 Physician Fee Schedule.** CMS noted that the CMS Innovation Center's GPDC Model, which will transition to the redesigned and renamed ACO REACH program on January 1, 2023, will also take into account the underlying demographics of a model participant's aligned beneficiary population when determining whether risk score growth will be capped starting in 2024. The agency asked for comments in the rule released July 7. *See our memo for details.*
- **Still, there is enthusiasm from value-based care proponents for ACO REACH, despite pushback on the Hill.** There are concerns about privatization and who the "right" entities are to provide healthcare services, as well as who would pay for them. Mara McDermott believes industry is starting from square one educating those on Capitol Hill with hopes to clear up potential misinformation.
- **We are not holding our breath for a future CMMI Multi Payer Model expanding to Medicaid.** Although there is still hope for some adoption of the Multi Payer Model in Medicaid, it may be a little further off than once thought. There are still policies that CMMI ought be doing to advance the adoption of ACOs and Coordination of Care, but we do not see an urgency to get this done.

- **NEXT STEPS & OUR TAKE:** We expect to see the list of accepted ACO Reach applicants (271 in total) over the next week or two, and hope the list of denied applicants is released / gleaned around that time. Even in a divided Washington, Direct Contracting enjoys support. CMMI quietly released the next generation Oncology Care Model in July, and we expect a possible Specialty Care model 2H22. CMS has discussed the urgent need for such a model, highlighting In a recent blog post ([here](#)) that (1) Providing data on specialist performance and enhancing data sharing across practices would facilitate integration with primary care (2) Episode-based payment models can be designed to align incentives between specialists and ACO initiatives and (3) Many ACOs and primary care practices recognize value in specialty care assuming primary responsibility for special populations and beneficiaries with specific conditions. **NOTE:** For a Replay of the Capitol Street Summer Policy Webinar #3 featuring Mara McDermott, of McDermott+, on Value-Based Care, please do not hesitate to contact us.