CAPITOL STREET

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New v28 MA Model Applies to ACO REACH 2024

Impact Differs By ACO & RTA Corridor Helpful

Relevant Companies

On August 14, 2023, CMS released an update to the ACO REACH Model for performance year 2024 (here). This update specifically notes the coordinated set of changes to protect against inappropriate risk score growth and maintaining consistency across CMS programs and CMMI models. As a reminder, the CY 2024 Medicare Advantage (MA) and Part C and Part D Payment Policies was finalized on March 31, 2023 (here).

»» Our Take & Next Up

The new v28 MA model will be phased-in for ACO Reach, with CMS providing incremental predictability into other policies, such as RTA, health equity measures and beneficiary alignment. The MA Risk Adjustment model changes for 2024 seek to address multiple OIG audits of MA plans that show diagnoses not supported in the record that resulted in overpayments. These same guidelines will now be applied to the ACO REACH Model for PY2024. Simultaneously, other new policies are helpful, such as RTA corridors create payment predictability.

»» Key Points

The revised 2024 Part C risk adjustment model, being applied in the Medicare Advantage (MA) program, will be applied to Standard and New Entrant ACOs. This means that for PY 2024, risk scores will be blended using 67% of the risk scores under the current 2020 risk adjustment model (5%) and 33% of the risk scores under the revised 2024 risk adjustment model (4.4%). The downward impact on benchmarks is expected to be 0.4%. Other related policies include:

- **The ACO-level 3% symmetric cap and zero-sum model-wide Coding Intensity Factor (CIF) will both continue to be applied as risk score growth constraints to ACOs.** The 2024 cap application will shift to a static reference year with a demographic adjustment. This shift is expected to reduce the downward impact of the CIF.

- **For 2024, the model-wide CIF will be capped at 1%.** The impact of and interaction with the Cap and CIF will be examined to determine factors for PY2025 and PY2026.

Separately, CMMI provides predictability with retro trend adjustment (RTA) by providing buffers. Improving predictability of the worst- and best-case scenarios of the impact from the RTA is intended to help ACOs budget and invest with more certainty to care for their aligned beneficiaries. To support payment accuracy, an RTA is applied to modify benchmarks if the prospective trend factor is over- or undertstated by more than 1%. CMS will apply three symmetric risk corridors to the RTA: (+/-) 0-4%, (+/-) 4-8%, and greater than (+/-) 8% with REACH ACOs accepting 100%, 50%, and 0% responsibility for each corridor, respectively. REACH ACOs will be responsible for 100% of the RTA (positive or negative) up to 4% and REACH ACOs will be responsible for 50% of the RTA (on top of the 100% accepted adjustment from 0-4%) beyond 4% and up to 8%. If the RTA goes beyond 8% of the predicted benchmark, the portion of the RTA above 8% will not affect the ACO's benchmark.

Other policies meant to improve accuracy and predictability to ACO Reach are listed below.

- **Beneficiary Alignment:** Reduced escalation of beneficiary alignment minimum for new entrant ACOs and high needs population ACOs
- **Beneficiary Alignment Fluctuations:** 10% buffer on alignment minimums for all ACO types
- **Refinement to Eligibility Criteria for Alignment to a High Needs Population ACO**
- **Provisional Settlement:** Provisional settlement will essentially match the Quarter 4 quarterly benchmark report for the performance year. This modification will enable the early savings/loss payments calculated in provisional settlement to estimate the payments in final settlement more closely.
- **Financial Guarantee:** CMS is modifying the financial guarantee policy such that ACOs that have elected provisional financial settlement and have fully paid shared losses (or received shared savings) are only required to update their financial guarantee to reflect the amount required for the current performance year. CMS will *increase* the guarantee for ACOs that have selected enhanced primary care capitation and advanced payment option to 4% (an increase from 2.5% for professional risk ACOs and 3% for global risk ACOs) starting in PY 2024.
- **HEBA (Health Equity Benchmark Adjustment) Update**: To better identify underserved beneficiaries living in high cost-of-living areas, CMS is revising the composite measure used to identify underserved beneficiaries for the HEBA by incorporating two new variables: Low-Income Subsidy (LIS) Status and State-based Area Deprivation Index (ADI). In calculating the revised composite measure, CMS will apply the national-based ADI, state-based ADI, and dual Medicare-Medicaid status/Low-Income Subsidy (LIS) status equally.

Ipsita Smolinski

Managing Director | Capitol Street

ipsita@capitol-street.com

900 19th Street, NW 6th Fl
Washington DC 20006

202.250.3741

www.capitol-street.com
