

CAPITOL STREET

March 19, 2024

Center for Innovation's 'PC Flex' Model Pays Small ACOs Upfront Dollars

What Happens to ACO Reach?

Relevant Companies



»» Our Take & Next Up

Doubling down on value based care (VBC) the Center for Medicare and Medicaid Innovation (CMMI) announced another VBC initiative (smaller ACOs) today. 'Person-centered primary care' ([here](#)) ACOs would receive from the government (1) an upfront \$250,000 and (2) monthly payment. The CMS fact sheet is [here](#). CMS will be hosting a webinar on April 4 at 2pm to discuss the model. Our take on the new program and ACO REACH can be found below.

»» Key Points

The voluntary program starts January 1, 2025 and runs for five (5) years. Interested applicants must apply (either as a new or renewing ACO) to the Shared Savings Program. Applications for the Shared Savings Program are open May 20, 2024, - June 17, 2024. ACO PC Flex Model Request for Applications (RFA) will be released in Q2 2024.

CMS will be selecting approximately 130 ACOs to participate in the model, which is a part of MSSP (PRVA). CMMI will test the model within the Medicare Shared Savings Program; the model will focus on and invest in "low revenue" ACOs since they are traditionally smaller and made up of physicians. Eligible ACOs include:

- New entrants, renewals or ACOs that start a new agreement period within the Shared Savings Program
- Shared Savings Program BASIC or ENHANCED track ACOs may participate
- Participation is at the ACO level
- Primary care providers not affiliated with a participating ACO are ineligible to participate

- ACOs that are designated as high revenue are not eligible to participate
- ACOs that participate are not eligible to receive the Shared Savings Program's Advance Investment Payments (AIPs)

ACO PC Flex model will provide a one-time advanced sharing savings payment of \$250 K to all participating ACOs and PPCPs (prospective primary care payments) and their participating primary care providers. The latter includes Federally Qualified Health Centers (FQHCs), & Rural Health Clinics (RHCs) that focus on medical and health-related social needs of their patients. Two payments will be disbursed by the government:

- ACOs participating will receive monthly PPCPs that replace FFS reimbursement for primary care services for all providers
- ACOs will receive an upfront advanced sharing savings payment of \$250,000

The goal of the program is to drive better outcomes for underserved populations by increasing access to higher-quality primary care. The model is designed to address health equity and health disparities in primary care.

What happens to ACO REACH after 2026? We think that CMMI will either (1) extend ACO REACH post 2026 or (2) fold REACH into MSSP. There has always been an ACO program at CMMI, so we think it would be tough for CMS to sunset the program entirely. ACO REACH promotes health equity and addresses disparities in healthcare systems in underserved communities; continues the momentum of provider-led organizations participating in risk-based models; protects beneficiaries and the model with more participant vetting and monitoring and greater transparency ([here](#)).

Ipsita Smolinski
Managing Director | Capitol Street
ipsita@capitol-street.com

202.250.3741 | www.capitol-street.com

900 19th St NW 6th Fl
Washington, D.C. 20006

CAPITOL STREET

Copyright 2024 Capitol Street.

This communication, including this broadcast and any attachments hereto, is intended solely for the original recipient(s) and may not be redistributed without the written consent of Capitol Street. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of any financial instruments, nor is it intended as advice to purchase or sell such instruments