

## How COPE Health Solutions is Transforming Health Care

## Get Ready for the Next Generation ACO



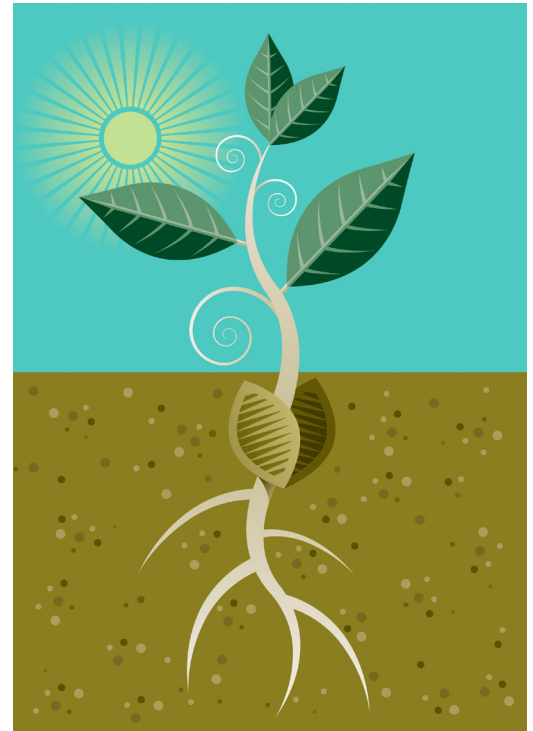
Author: *Wren Keber, MBA, Vice President*

The Centers for Medicare and Medicaid Services (CMS) has continued work on its commitment to transforming payment for healthcare services to value/outcome-based models. In support of this, they announced a new Accountable Care Organization (ACO) model through its Center for Medicare and Medicaid Innovation (CMMI) on Tuesday, March 10, 2015.

This new model, called “Next Generation ACO,” builds upon the experience gained with the Medicare Shared Savings Program (MSSP) and Pioneer ACO Models. Similar to the two existing programs, the Next Generation ACO is a model for traditional fee-for-service (FFS) Medicare, otherwise known as “original Medicare.”

If your organization is considering submitting an application for the Next Generation ACO for a program period starting in 2017, there are several things you will want to know. The new model has some key differences from MSSP and Pioneer ACOs. This change makes the program attractive for organizations wishing to take on greater risk and be successful under such risk-bearing arrangements. Specifically, Next Generation ACOs will:

- Be subject to a new and improved benchmarking methodology, which rewards both attainment and improvement in cost containment. The benchmark ultimately transitions away from comparisons to an ACO’s historical expenditures.
- Have the ability to choose from various payment methods: normal FFS payment, FFS plus a monthly infrastructure payment, population-based payments, or capitation. With all payment arrangements, Next Generation ACOs will have increased risk/rewards compared to MSSP and Pioneer ACOs. A Next Generation ACO will have the ability to transition from normal FFS to more complex methods over time.
- Be able to deploy benefit enhancements for beneficiaries, including greater access to home/tele-health, and skilled nursing facilities (SNFs), opportunities for beneficiaries to receive a reward payment for receiving care from the ACO, and greater collaboration between CMS and ACOs to improve communication with beneficiaries.



- Have greater diversity in the types of affiliation arrangements to collaborate with providers who do not wish to fully participate in the ACO as a provider/supplier. The ACO can choose to partner with “Preferred Providers” and other “Affiliates,” such as SNFs, to coordinate care and accomplish other ACO functions.

Additionally, beneficiaries will have the ability to proactively confirm or deny their attribution to a Next Generation ACO. According to CMS, “confirmations of care relationships through voluntary alignment [by beneficiaries] supersede claims-based attributions.” This addresses the concern of high turnover in beneficiary alignment found in the Pioneer and MSSP models.

CMS has indicated that the Next Generation ACO model is appropriate for organizations that have experience in coordinating care for populations of patients. This could include current MSSP or Pioneer ACOs, who have seen success in the program participation thus far. If a current Pioneer or MSSP ACO applies for participation in the Next Generation ACO, CMS will seek proof of positive performance and conduct under its current model. The Next Generation ACO may be appropriate for your organization if the organization already experiences success in the Pioneer or MSSP models, and is seeking enhanced alignment opportunities with participants and beneficiaries, as well as increased risk and reward corridors.

If organization is not already a Pioneer or MSSP ACO, health systems, integrated networks, and other providers may consider the Next Generation ACO model as an option to partner with CMS on an innovative value-based program. Experience in population health management and deployment of clinically integrated or patient-centered programs may lend well to success in the Next Generation ACO model when coupled with experience of new payment models and management of the total cost of care for a population.

Your organization's management team will want to consider and answer the following questions over the next year in anticipation of applying to be a 2017 starter:

- 1) Is your organization ready to change the way care is delivered to traditional Medicare beneficiaries? What clinical engagement will be necessary to redesign care?
2. Does your organization have an appetite to take risk for traditional Medicare beneficiaries? This risk is built on a Medicare fee-for-service basis, so alignment with the provider network will be key. Is the provider network robust enough to align around patient-centered care for this population? If not, what will it take to get there?
3. Does your organization already participate in partial or full-risk arrangements with payers covering other populations? What components of these programs can be reused to position your organization for success as a Next Generation ACO? What is not working well with those arrangements that could be improved upon for the Next Generation ACO? CMMI will expect 2017 starter applications to describe these kinds of arrangements and what components will be leveraged for use in Next Generation ACO success.
4. Are your physician network and ambulatory service provider partners already using or evaluating patient-centered, population-health delivery models? If so, how can these programs be expanded to support success with NGACO.

COPE Health Solutions provides expert guidance in the readiness assessment for organizations considering the Next Generation ACO application. To have a discussion about these questions and to go over other key considerations that will support a successful application contact us at [consulting@copehealthsolutions.org](mailto:consulting@copehealthsolutions.org).

