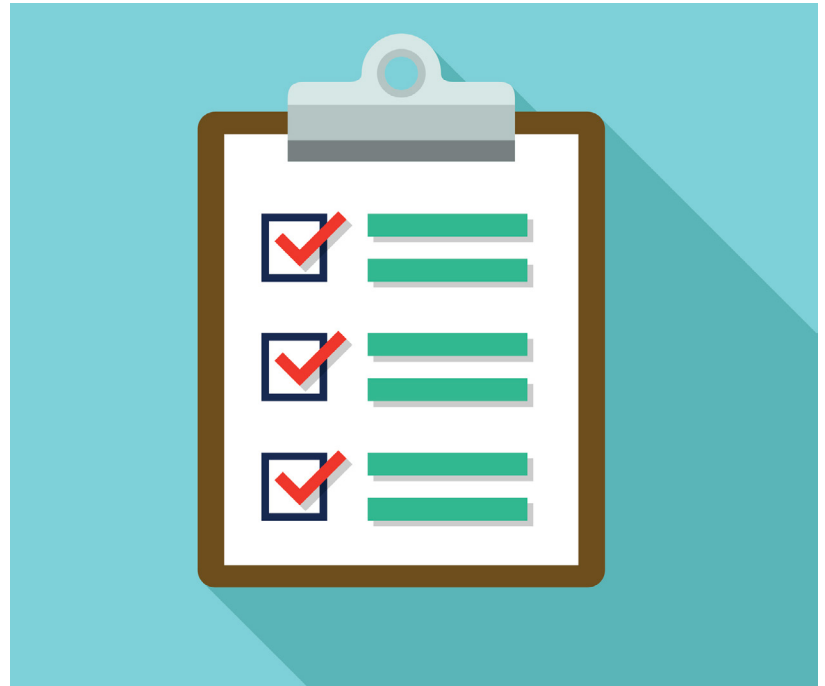


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On Thursday, CMS announced the creation of a new ACO model geared toward patients who qualify for both Medicare and Medicaid, also known as dual eligible. Dual eligible patients typically have more complex health needs, chronic conditions and social issues than the general Medicare population. Consequently, they account for a disproportionate share of spending in both the Medicare and Medicaid programs. Nationwide, there are almost 10 million dual eligible beneficiaries, according to the Kaiser Family Foundation (approximately 20% of the Medicare population).



CMS plans to enter agreements with only six states (preference given to states with lower ACO saturation). It is requesting letters of intent from states who are interested in participating.

The Medicare-Medicaid ACO Model (MMACO) will reward provider networks who are committed to a comprehensive care management and utilization management approach in addition to leveraging traditional ACO tools and tailored approaches to improve the quality and effectiveness of care while reducing overall costs for duals.

“A Medicare – Medicaid Duals ACO program represents a logical evolution in the delivery and financing of care for this most challenging patient population,” said Joel Perlman, COPE Health Solutions board member and former CFO of Montefiore Health System.

Under this model, MMACOs may take risk for Medicare Part A, Part B, Medicaid costs, and quality for their patients. CMS will partner with states and offer tools/incentives to take accountability for quality and cost of care for these patients. Like the traditional ACOs, the incentives for the MMACOs will be to share savings with CMS. The MMACO will share rewards for successful performance in delivering better care, better health and lower costs.

There will be a methodology for eligible providers, under criteria to be determined at a later date, to apply for a Safety Net ACO designation and thereby receive pre-payment to support ACO care coordination investments.

When states apply, they will choose from three options for when the first 12-month performance period for the MMACOs will begin in the state. The related deadlines for states to send letters of intent are listed.

| ACO performance period | LOI due |
|-------------------------------|------------------|
| January 1, 2018 | January 20, 2017 |
| January 1, 2019 | August 4, 2017 |
| January 1, 2020 | August 3, 2018 |

If a state is selected to participate, the providers and ACOs in that state should be on the lookout for the state application process. If providers are in existing ACOs, they should discuss whether they are the point where they are ready to take on additional risk for the dual eligible. In the meantime, providers who wish to participate in state-specific MMACO development may submit letters of interest along with the state's letter of intent.

The Request for Letters of Intent link from CMS to submit an application can be found at <https://innovation.cms.gov/Files/x/mmaco-loi.pdf>

