ISSUE BRIEF

Maturing in Risk: Unlocking Value Through MSSP Participation

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Executive Summary

- From 2022 to 2024, 60% of participating ACOs operated in two-sided risk models, with risk increasing with time in the program.
- ACOs taking on downside risk delivered higher gross shared savings rates than those in upside-only models, and also achieved higher quality scores.
- Performance volatility decreased as ACOs had more time in MSSP, with more consistent and predictable savings by the third agreement period.

Figure ES-1: ACO Savings by Risk Model

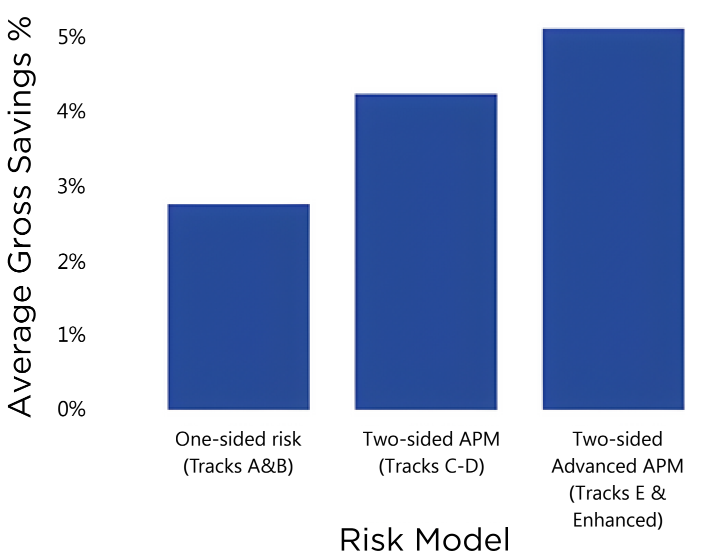
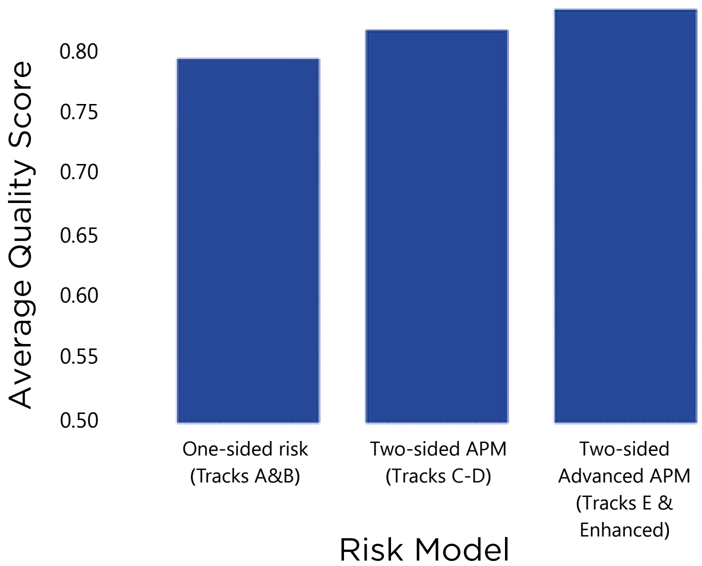


Figure ES-2: ACO Quality Score by Risk Model



Introduction

The Medicare Shared Savings Program (MSSP) is the largest federal initiative that promotes accountable care and value-based payment models. A central design feature of the program is its tiered approach to financial risk. ACOs generally begin in one-sided models and share in a portion of the savings generated but are insulated from losses if costs exceed benchmarks. Over time, ACOs transition to two-sided arrangements that include both shared savings and shared losses. This glidepath design reflects an important policy insight: organizations need time to develop the infrastructure, data capabilities, and care management processes required to successfully manage populations under risk. At the same time, the program allows more advanced organizations to enter directly into enhanced two-sided models, aligning their level of risk with their maturity.

With several years of consistent performance data now available, we can evaluate whether this design is working as intended. The evidence suggests it is. ACOs that assume higher levels of risk and remain in the program for longer periods consistently achieve stronger outcomes. They generate higher gross shared savings, deliver stronger quality results, and demonstrate greater predictability as they mature. These trends reinforce the program's central thesis: that **accountable care, when approached with discipline and investment, creates measurable and compounding value.**

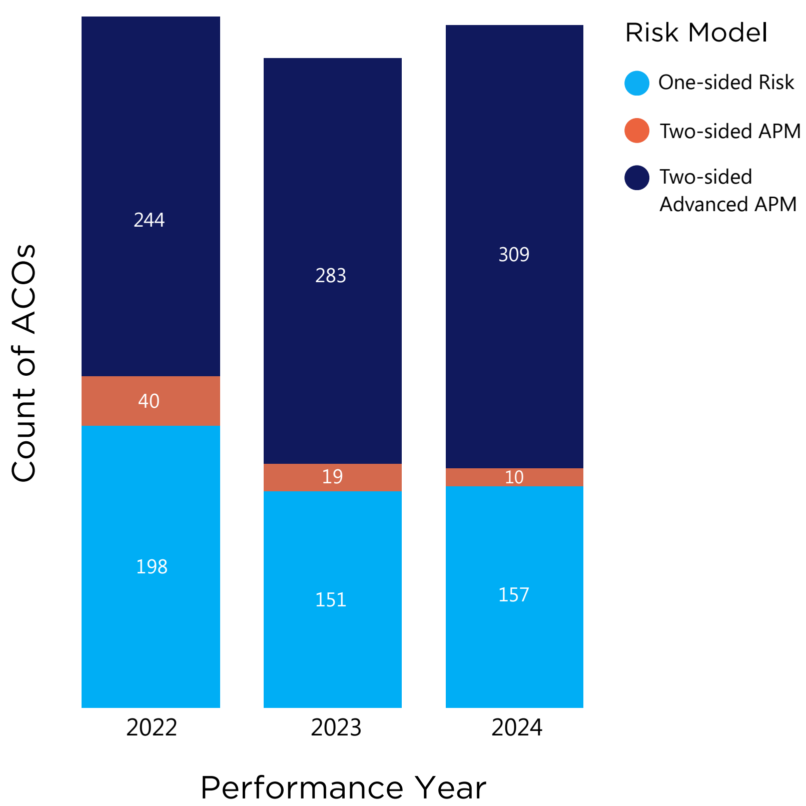
Higher Risk, Higher Reward

In this analysis, we examined performance data from all MSSP ACOs between 2022 and 2024, to assess correlations between risk track and agreement period with cost and quality outcomes, such as gross shared savings rates and quality score.[1,2] This period included over 400 participating ACOs, of which approximately 60% elected to operate in two-sided risk models (Figure 1).

[1] MSSP Risk Tracks: Tracks A & B are upside only; Tracks C & D represent increasing levels of downside risk; Tracks E & ENHANCED are advanced alternative payment models.

[2] MSSP agreement periods last for 5 performance years.

Figure 1: ACOs by Risk Arrangement



ACOs in two-sided risk delivered higher gross shared savings rates than those in upside-only models (Figure 2). This relationship is evident as ACOs progress through risk tracks, demonstrating increasing savings as risk exposure increases.

The presence of downside exposure inherently sharpens organizational focus of cost reduction. ACOs in two-sided models are more incentivized to invest in analytics infrastructure, redesign care pathways, and engage clinicians in systematic efforts to reduce unnecessary utilization. These investments not only produce cost savings but also lay the foundation for long-term success. In effect, risk can act as both a motivator and a catalyst, accelerating the organizational maturity required to succeed in value-based care.

Figure 2: Gross Savings by Risk Track

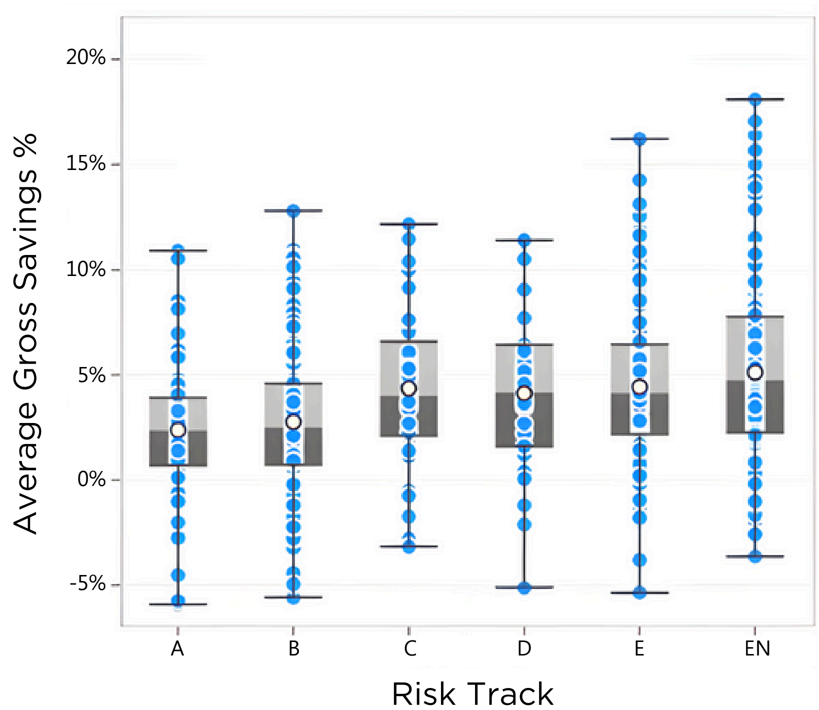
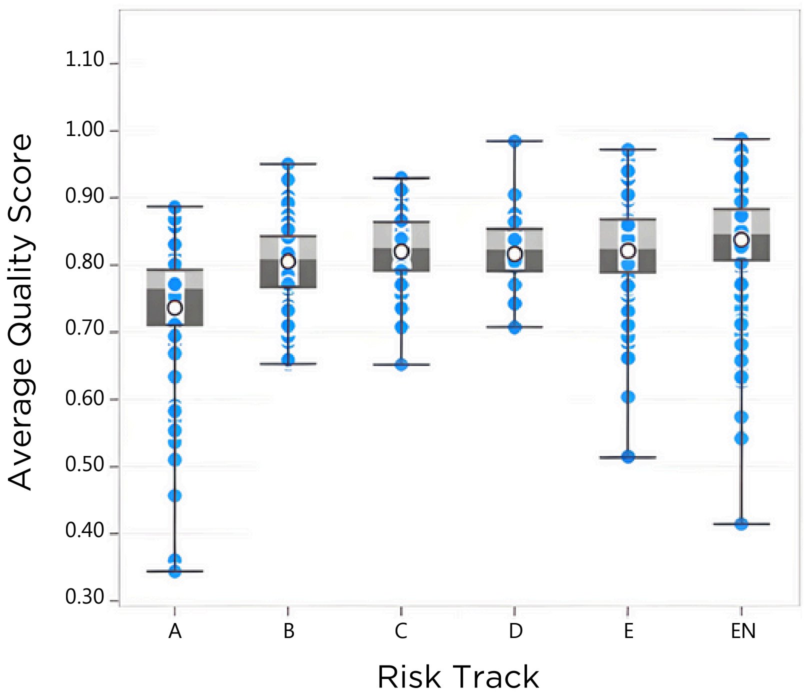


Figure 3: Average Quality Score by Risk Track

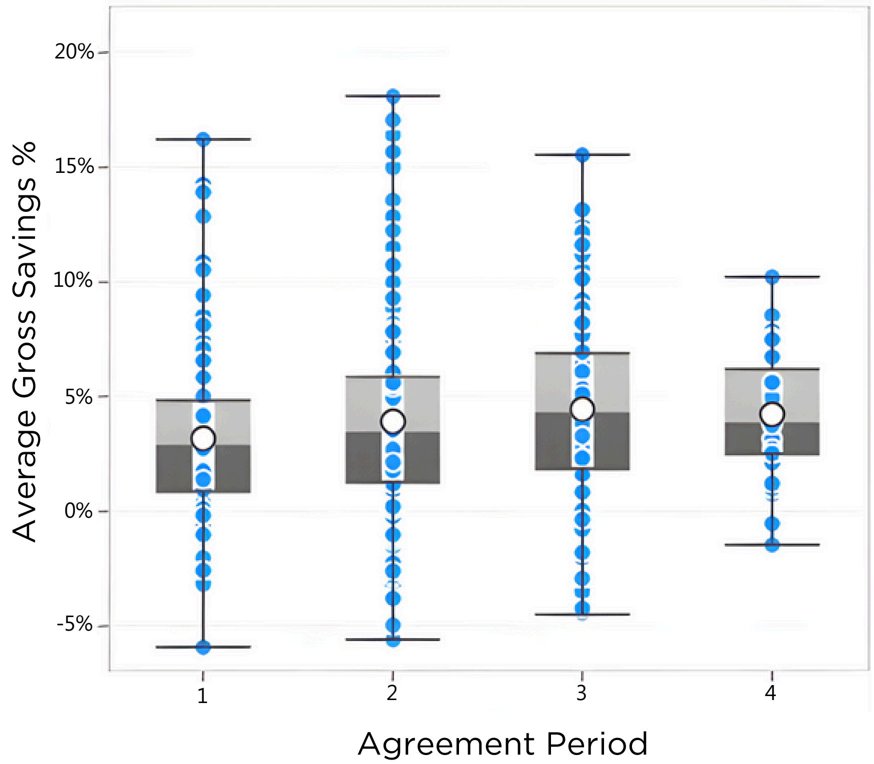


The correlation between performance and risk extends beyond financial outcomes. **ACOs in higher risk tracks also achieve higher quality scores** (Figure 3). This is intuitive: reduced emergency department visits, avoided admissions, and improved chronic disease management translate into both lower costs and improved patient outcomes. The MSSP results reaffirm the principle that cost and quality are not competing objectives but reinforcing ones, particularly in well-designed value-based incentive programs.

Data on the financial and quality performance of ACOs in the Medicare Shared Savings Program (Performance Years 2022-2024) were retrieved from the publicly available datasets provided by the Centers for Medicare & Medicaid Services (CMS). See 'Program Data – ACO Participation and Performance Data' here.

Equally important is the role of time or tenure in the program. The data reveals that **as ACOs progress through agreement periods, their performance improves** (Figure 4). Later periods are associated with higher average savings rates. This reflects the cumulative benefit of sustained infrastructure investments and organizational learning.

Figure 4: Gross Savings by Agreement Period



What is even more intriguing is the decline in performance volatility as ACOs gain tenure. Early cohorts exhibit wide variation, with some organizations generating extreme savings and others generating extreme losses. By the third or fourth agreement period, however, outcomes begin to cluster more tightly around a rising average. This suggests that **as ACOs mature, they not only perform better on average but** also develop more repeatable, reliable approaches to bending the cost curve. This indicates that the system overall is maturing.

Conclusion

Under MSSP, **ACOs that assume greater risk and over more years achieve higher savings, stronger quality outcomes, and more predictable performance.** It is evident that risk exposure sharpens organizational focus, tenure compounds returns, and infrastructure investment pays dividends in later periods.

The wide distribution and volatility of results is equally important to note. **Success is not automatic or guaranteed, but instead requires disciplined investment, detailed financial planning and sustained execution.** MSSP should therefore be approached as a long-term strategic opportunity rather than a short-term financial experiment.

MSSP demonstrates that accountability works, especially when organizations lean into risk, invest in the infrastructure to support it, and remain committed over time to realize its rewards. As policymakers design the next generation of ACO models, they should draw on the evidence from MSSP to create consistent opportunities for ACOs to take on financial risk and invest in health outcomes.