How the Medicare ACO Models Stack Up

In 2018, CMS released a final rule overhauling the Medicare Shared Savings Program. The new approach—called "Pathways to Success"—seeks to accelerate the transition of ACOs into downside risk models and takes effect on July 1, 2019. Whether applying for the first time or evaluating continued participation, leaders need to understand the key details of the new design. Read on to learn how the different Medicare ACO models stack up.

	Downside Risk	Advanced APM[1] Qualification	Sharing Rate	Shared Loss Rate	Min. Savings Rate (MSR) / Min. Loss Rate (MLR)	First Dollar Sharing?	Maximum Gain	Maximum Loss	Payments	Attribution[2]	Waivers
BASIC ▸ Level A/B Agreement Period: Five years. *Low revenue ACOs allowed to renew for a second agreement period* Minimum Population Size: 5,000	X No	X No	Up to **40%** *Depending on quality performance*	**N/A**	MSR **2.0%–3.9%** based on size of attributed population. **No MLR**. *MSR* *MLR*	✓ Yes, once MSR is met	15% / 10% / 5% / -5% / -15% of benchmark	**N/A**	FFS Reconciled shared savings	Prospective or retrospective	X No
BASIC ▸ Level C	✓ Yes	X No	Up to **50%** *Depending on quality performance*	**30%** fixed	Option One: **No MSR/MLR** *MSR/MLR* Option Two: Symmetrical MSR/MLR in 0.5% increments, **0.5%–2.0%** *MSR/MLR* Option Three: Symmetrical **2.0%–3.9%** based on size of attributed population *MSR/MLR*	✓ Yes, once MSR/MLR is met	15% / 10% / 5% / -5% / -15% of benchmark	of ACO revenue capped at 1% of benchmark **-2%**	FFS Reconciled shared savings and losses	Prospective or retrospective	✓ Three-day SNF, telehealth *(Prospective assignment; starting in 2020)*
BASIC ▸ Level D	✓ Yes	X No	Up to **50%** *Depending on quality performance*	**30%** fixed	Option One: **No MSR/MLR** *MSR/MLR* Option Two: Symmetrical MSR/MLR in 0.5% increments, **0.5%–2.0%** *MSR/MLR* Option Three: Symmetrical **2.0%–3.9%** based on size of attributed population *MSR/MLR*	✓ Yes, once MSR/MLR is met	15% / 10% / 5% / -5% / -15% of benchmark	of ACO revenue capped at 2% of benchmark **-4%**	FFS Reconciled shared savings and losses	Prospective or retrospective	✓ Three-day SNF, telehealth *(Prospective assignment; starting in 2020)*
BASIC ▸ Level E	✓ Yes	✓ Yes	Up to **50%** *Depending on quality performance*	**30%** fixed	Option One: **No MSR/MLR** *MSR/MLR* Option Two: Symmetrical MSR/MLR in 0.5% increments, **0.5%–2.0%** *MSR/MLR* Option Three: Symmetrical **2.0%–3.9%** based on size of attributed population *MSR/MLR*	✓ Yes, once MSR/MLR is met	15% / 10% / 5% / -5% / -15% of benchmark	of ACO revenue capped at 4% of benchmark[3] **-8%**	FFS Reconciled shared savings and losses	Prospective or retrospective	✓ Three-day SNF, telehealth *(Prospective assignment; starting in 2020)*
ENHANCED ▸ Agreement Period: Five years Minimum Population Size: 5,000	✓ Yes	✓ Yes	Up to **75%** *Depending on quality performance*	**40%** to **75%** *Equal to one minus the sharing rate but must fall within this range*	Option One: **No MSR/MLR** *MSR/MLR* Option Two: Symmetrical MSR/MLR in 0.5% increments, **0.5%–2.0%** *MSR/MLR* Option Three: Symmetrical **2.0%–3.9%** based on size of attributed population *MSR/MLR*	✓ Yes, once MSR/MLR is met	20% / 15% / 5% / -5% / -15% of benchmark	of benchmark **-15%**	FFS Reconciled shared savings and losses	Prospective or retrospective	✓ Three-day SNF, telehealth *(Prospective assignment; starting in 2020)*
Next Generation ACO Model[4] ▸ Agreement Period: One to three years. *Depending on timing of first year of participation; allowed to apply for up to two additional years* Minimum Population Size: 10,000. *7,500 for rural providers*	✓ Yes	✓ Yes	**80%** or **100%** *Participant choice between two risk arrangements*	**80%** or **100%** *Participant choice between two risk arrangements*	**No MSR/MLR**; CMS applies a discount to the benchmark; the size of the discount depends on the ACO's efficiency relative to national and regional benchmarks *MSR/MLR*	✓ Yes, from benchmark including discount	15% / 15% / 5% / -5% / -15% of benchmark	of benchmark **-15%**	FFS Three population-based models	Prospective	✓ Three-day SNF, telehealth, post-discharge home visit

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Note: Current as of May 2019.

1 Alternative payment model.

2 ACOs may switch their selection of beneficiary assignment methodology on an annual basis.

3 Maximum losses 2019–2020. Annual losses not to exceed the percentage of revenue specified in the revenue-based nominal amount under the Quality Payment Program, capped at a percentage of updated benchmark that is one percentage point higher than the expenditure-based nominal amount standard.

4 Five-year initiative running from January 2016 to December 2020. Application period now closed.

Learn more about navigating Medicare ACOs, Medicare Advantage, and the future of risk-based payment

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