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Findings at a Glance

Next Generation Accountable Care Organization (NGACO) Model

Evaluation of the First Three Performance Years (2016-2018)

MODEL OVERVIEW

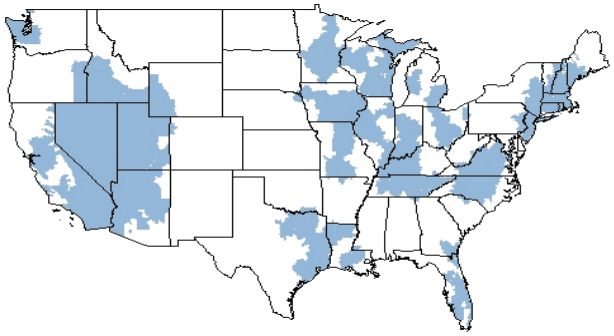
The NGACO model tests whether strong financial incentives, flexible payment options, and tools to support care management improve value and lower expenditures for Medicare fee-for-service (FFS) beneficiaries. Participating ACOs assume 80% or 100% up- and down-side financial risk and select from one of four payment mechanisms that allow FFS or prospective payments for services delivered to their aligned population of beneficiaries. In 2017 and 2018, aligned beneficiaries who received an annual wellness visit from an NGACO provider were eligible for a $25 coordinated care reward.

Originally scheduled to end in December 2020, the five-year model has been extended by 1 year to end in 2021 because of the COVID-19 outbreak. ACOs joined the model in one of three cohorts (2016, 2017, or 2018). This summary covers model results over its first three performance years—PY1 (2016), PY2 (2017), and PY3 (2018).

PARTICIPANTS

In 2018:

- Peak participation in the model, with 50 ACOs.
- ACO markets included portions of the East Coast, Midwest, FL, TX, and the western United States.



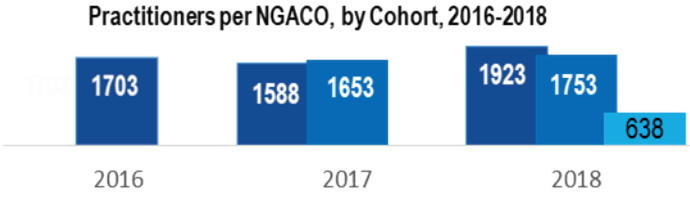
- Most (82%) participating providers had prior Medicare ACO experience.
- Most institutional providers serving as NGACO providers were skilled nursing facilities (SNFs).
- The 2018 cohort had fewer hospital-affiliated NGACOs (13%) than the 2016 (54%) or 2017 cohorts (43%).
- Thirteen NGACOs (26%) elected payment mechanisms for prospective, population-based payment for services delivered to aligned beneficiaries.

Over time (2016-2018):

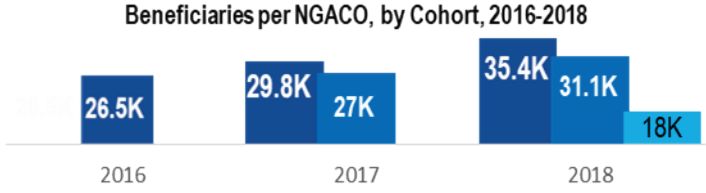
- The number of ACOs grew as two cohorts joined.

	2016	2017	2018
2016 Cohort	**18**	**16**	**13**
2017 Cohort		**28**	**21**
2018 Cohort			**16**

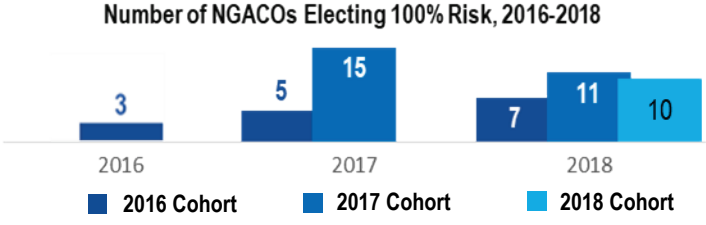
- The 2018 cohort ACOs had fewer practitioners than ACOs in the 2016 or 2017 cohorts.



- Over time, ACOs continuing in the model tended to grow larger, with more aligned beneficiaries.



- More NGACOs elected 100% financial risk. Over half (56%) took on full risk in 2018.



This document summarizes the evaluation report prepared by an independent contractor. To learn more about the NGACO model and to download Evaluation Report 3, visit https://innovation.cms.gov/initiatives/Next-Generation-ACO-Model.

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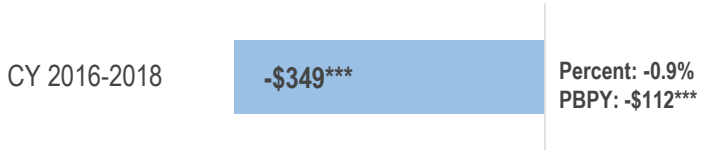
FINDINGS

The NGACO model reduced gross Medicare spending by -0.9% (p<0.01), but increased net spending non-significantly by 0.3% (p>0.1), after shared savings and other incentive payments were taken into account.

Model-Wide Gross Spending Impact

Aggregate Impact Estimate (in millions)



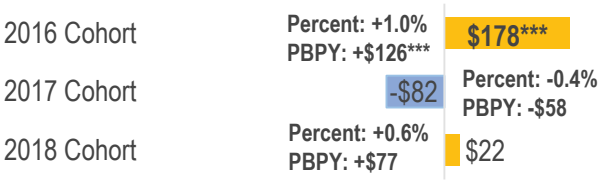
Model-Wide Net Spending Impact

The 2017 and 2018 NGACO cohorts reduced gross spending by -1.1% and -1.5%, respectively (p<0.01), while the 2016 cohort saw a 1% increase in net spending (p<0.01).

Gross Spending Impact, by Cohort, CY 2016-2018

Aggregate Impact Estimate (in millions)

Net Spending Impact, by Cohort, CY 2016-2018



Findings for the First Three Years (2016-2018):

Model-Wide

- The decline in gross Medicare spending increased from $62 million (-0.4%, p>0.1) in 2017 to $223 million (-1.2%)*** in 2018 .
- NGACOs invested in four areas in response to the model. They improved data analytic capacity to manage prospectively aligned populations; engaged beneficiaries providing care management and annual wellness visits; engaged physicians using financial and non-financial incentives; and collaborated with SNFs for better delivery of post-acute care (PAC).
- Lower spending on professional services, SNFs, and other PAC settings contributed to model-wide gross spending reductions. Reductions in PAC settings may reflect NGACO investment in SNF networks, improved coordination and care transitions, and substitution for higher-cost settings.
- There was no significant change in acute inpatient hospital spending and admissions.
- There were no changes in quality of care as measured by preventable hospitalizations or readmissions.
- Annual wellness visits increased by 16% (57 per 1,000 beneficiaries per year).***

Cohort

- The 2017 cohort contributed the most to model-wide gross spending reductions (-$213 million, -1.1%).***
- The 2016 cohort contributed the highest net spending increase ($178 million, 1.0%).***

ACO

- NGACOs choosing 100% risk (with a risk cap >5%) realized larger average declines in spending than NGACOs choosing 80% risk (-1.6% versus -0.5%).*
- NGACOs choosing prospective payment mechanisms realized larger declines in spending than NGACOs opting for FFS (-1.4% vs. -0.7%, p>0.1).

Notes: *p<0.1, ** p<0.05; *** p<0.01; PBPY: per beneficiary per year; Aggregate Impact: impact for all NGACO beneficiaries.

KEY TAKEAWAYS

In its first three years, the NGACO model achieved a $349 million reduction in gross spending, but after accounting for shared savings and CCR payouts, net spending did not decrease. The model was associated with reduced PAC and professional services spending but saw no appreciable declines in hospital utilization and spending. The 2017 cohort contributed the most to the decline in model-wide gross spending, and the 2016 cohort the most to the increase in net spending associated with the model. Quality of care remained constant.