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Findings at a Glance

Next Generation Accountable Care Organization (NGACO) Model

Evaluation of the First Five Performance Years (2016-2020)

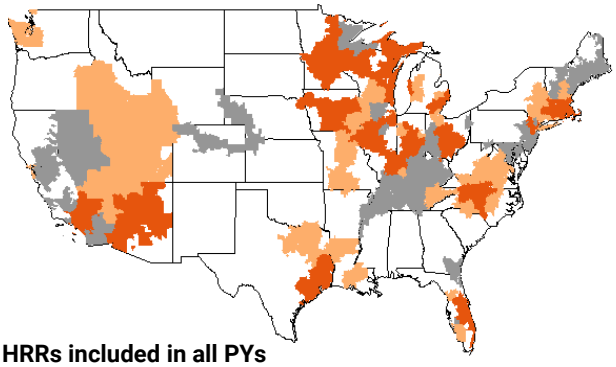
MODEL OVERVIEW

The NGACO Model tests whether strong financial incentives, flexible payment options, and tools to support care management, improve value, and lower expenditures for aligned populations of Medicare fee-for-service (FFS) beneficiaries. Participating ACOs assumed 80% or 100% two-sided financial risk and selected from four payment mechanisms with different types of FFS or prospective payments. The Model began in 2016 and ended in 2021. Three cohorts joined the model in 2016, 2017, and 2018. This summary covers the Model's results over its first five performance years—2016 (performance year one [PY1]), 2017 (PY2), 2018 (PY3), 2019 (PY4), and 2020 (PY5). CMS offered several flexibilities in PY5 in response to the COVID-19 public health emergency (PHE).

PARTICIPANTS

In PY5, there were 37 NGACOs across 98 Hospital Referral Regions (HRRs).

- Four NGACOs exited after PY4, including the largest NGACO, reducing the number of markets represented.



HRRs included in all PYs

HRRs included in at least one previous PY and in PY5

HRRs included in at least one previous PY but not in PY5

COVID-19 RELATED POLICY CHANGES IN 2020 (PY5)

Optional COVID Amendment to Participation Agreement (PA)

- Removed COVID-related spending from PY expenditures & benchmark calculations.
- Retrospective regional trend factor.
- No downside risk with shared savings capped at 5% of benchmark.
- 21 out of 37 NGACOs (57%) signed the amendment.

CMS Universal Waivers in 2020

- Waiver eliminating geographic and site requirements for telehealth visits.
- Waiver for requirement that beneficiaries have three-day hospitalization before admission to a SNF.

NGACOS' RESPONSES TO COVID-19

The evaluation team held four conversations with approximately two-thirds of the NGACOs in 2021 to learn how they adapted to the PHE. NGACOs broadly reported being well-positioned to respond to the PHE due to the resources they had developed through participation in the NGACO Model. The NGACOs participating in the sessions and contributing most to the conversations may not be representative of all NGACOs.

Information Technology and Data Analytics

NGACO population health infrastructure and data analytic capacity enabled the identification and proactive management of beneficiaries at risk for COVID-19.

Beneficiary Engagement

- Care managers directly contacted beneficiaries to check on social needs, provide COVID-19 information, and assist in accessing testing and vaccinations.
- NGACOs increased home-based care as an alternative to facility care.

Physician Engagement

- NGACOs served as information hubs on COVID guidance. emerging regulations, and personnel and facilitated access to protective equipment and vaccinations.
- NGACOs set up platforms and systems to facilitate transitions to telehealth.

SNF Collaboration & Post-Acute Care

Strong relationships with skilled nursing facilities (SNF) established under the Model helped some NGACOs avoid readmissions and accelerate discharge when appropriate to minimize beneficiary time In institutional settings.

This document summarizes the evaluation report prepared by an independent contractor. For more information about this Model and to download the 5th annual evaluation report, visit https://innovation.cms.gov/initiatives/Next-Generation-ACO-Model.

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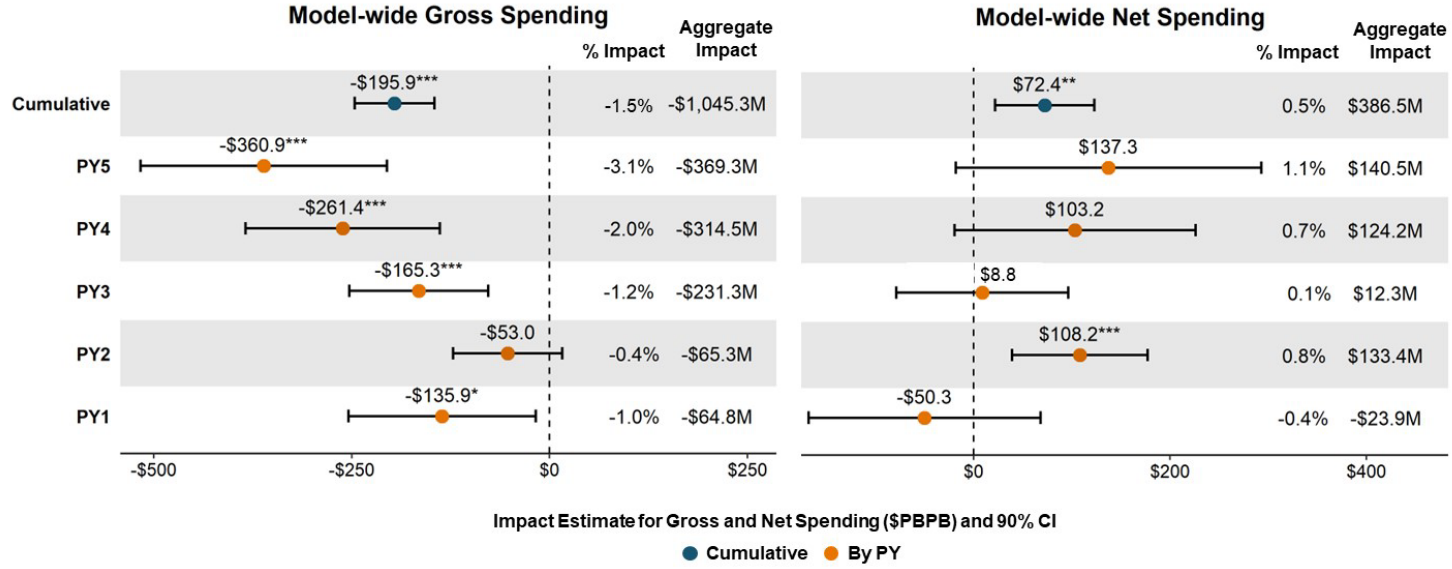
SPENDING IMPACTS

During 2020 (PY5) NGACOs reduced gross spending more than the matched comparison sample. The reduction in spending increased by roughly $100 PBPY over PY4, similar to the increase observed between PY3 and PY4.

However, after factoring in shared savings and other payments to NGACOs under the flexibilities offered during the PHE, net Medicare spending also grew in PY5 relative to prior years.



NOTE: Estimated impacts significant at p<0.1*, p<0.05**, p<0.01***.

SPENDING AND UTILIZATION IMPACTS BY SETTING

NGACOs had spending declines in acute care hospital and other post-acute care (PAC) settings and reduced utilization in acute care hospitals and SNFs, consistent with strategies to minimize beneficiary time in institutional settings during the PHE. Professional spending also declined, but we were unable to assess the impact on Evaluation and Management (E&M) visits.

	Spending		Utilization	
	Cumulative	PY5	Cumulative	PY5
Acute Care Hospital	↓ -1.0%***	↓ -1.6%**	↓ -0.3%	↓ -1.4%**
Professional Services	↓ -1.3%***	↓ -3.4%***	Unable to assess impact on E&M visits	Unable to assess impact on E&M visits
Post-Acute Care	↓ -4.1%*** for other PAC	↓ -5.0%*** for other PAC	↓ -1.9%*** for SNF Days	↓ -3.2%*** for SNF Stays ↓ -6.4%*** for SNF Days

NOTE: Estimated impacts significant at p<0.1*, p<0.05**, p<0.01***. Impact estimates for E&M visits were statistically uninterpretable.

KEY TAKEAWAYS

The NGACO Model significantly reduced gross spending but increased net spending in PY5, continuing the pattern observed in earlier years. The increase in net spending in 2020 relative to net spending in 2019 reflected several factors, including drop out by NGACOs with shared losses in PY4, continuation of NGACOs with shared savings in PY4, and model flexibilities to mitigate risks to NGACOs due to the COVID-19 PHE. NGACOs reported being well-prepared to address the PHE with resources and processes developed through participation in the Model.