



September 5, 2018

Seema Verma  
Administrator  
Centers for Medicare & Medicaid Services  
U.S. Department of Health and Human Services  
7500 Security Boulevard  
Baltimore, MD 21244

Mr. Adam Boehler  
Deputy Administrator for Innovation and Quality  
Director, Center for Medicare & Medicaid Innovation  
Centers for Medicare & Medicaid Services  
U.S. Department of Health and Human Services  
7500 Security Boulevard  
Baltimore, MD 21244

Re: Next Gen ACO Program

Dear Administrator Verma and Deputy Administrator Boehler:

On behalf of the Next Generation ACO Coalition and the below-signed Next Generation ACOs we want to thank you for your commitment to advancing Medicare accountable care organizations toward performance-based risk. We agree that risk-bearing payment models that encourage financial and clinical accountability are essential for containing costs and improving quality.

The Next Gen ACO program has significant potential to serve as a platform for future efforts to advance performance-based risk contracting in traditional Medicare. CMS's recent report from the program's first year confirmed this, showing that the Next Gen ACO model saved the Medicare program \$62 million on net while improving utilization and quality for patients. Organizations participating in this program have already committed to improving care coordination for seniors and accepting financial accountability for their patient populations. These organizations, which vary in size and structure, have all shown that higher levels of accountability are achievable and worthwhile for patients, providers and payers.

As providers, including Next Gen ACO participants, accept greater levels of performance-based risk for their patient populations, predictable, accurate and fair payment rates are foundational to their success and continued participation in such models. We write with three specific requests.

First, in the Next Generation ACO program CMS applies a three percent ceiling to changes in risk scores. We urge CMS to remove this ceiling while preserving the three percent floor. The ceiling on risk scores results in inaccurate payment for some Next Gens because it prevents risk scores from accurately reflecting increased acuity in the patient population. We also urge CMS to take this

feedback into consideration before finalizing its proposed risk adjustment methodologies in the Medicare Shared Savings Program (MSSP) final rule.<sup>1</sup>

Second, we urge you to commit to a more predictable and stable payment methodology. As an example, in the Next Gen ACO program, CMS has periodically adjusted the risk adjustment methodology – at times mid-stream or late in the contract year. For many Next Gen ACOs, these changes can be dramatic and can be the difference between achieving savings and experiencing financial losses. These mid-stream changes are inconsistent with the business practices payers, including CMS with respect to Medicare Advantage plans, use in risk contracting arrangements.

We understand that CMS implemented the mid-year adjustment and the cap to address concerns about upcoding. However, we believe that the existing ACO payment methodology holds providers accountable for health care quality and cost outcomes and is sufficient to address these issues. We believe that application of the ceiling and the mid-year adjustments operates as a double penalty for the impact of coding and penalizes organizations that are accurately identifying health conditions and documenting disease burden in their populations.

Finally, we ask that you preserve and strengthen the Next Generation ACO program as you continue to explore new performance-based payment models. Specifically, the risk-based payment models and preferred provider network mechanism available to Next Gen ACO participants are important features that allow us to reshape care design and delivery in our local markets. These are important features of the model that should be retained for the duration of this model and into the future. The Next Gen ACO program is currently slated to run through the end of 2020 and we ask that you adhere to this timeline for the program as you further develop the Administration's innovation portfolio. With the appropriate policy support, the Next Gen ACO program can serve as a springboard into other models.

The Next Gen ACOs have shown the potential to dramatically impact the care experience for patients in traditional Medicare, bringing coordinated care delivery to this population for the first time in some markets. Providers in this model bear greater amounts of financial risk than any other offering in the traditional Medicare portfolio and serve as a model for the future of risk contracting, including higher levels of financial risk and reward for providers and better care for seniors.

We would welcome the opportunity to discuss this further and look forward to our continued partnership to advance performance-based risk arrangements and improve patient care.

Respectfully,

The Next Gen ACO Coalition  
Accountable Care Coalition of Southeast Texas  
Accountable Care Coalition of Tennessee  
Accountable Care Options, LLC  
Arizona Care Network  
Best Care Collaborative, LLC  
CareMount ACO  
Carilion Clinic Medicare Shared Savings  
Central Utah Clinic, P.C. dba Revere Health

---

<sup>1</sup> Medicare Shared Savings Program: Accountable Care Organizations—Pathways to Success, Proposed Rule, 83 Fed. Reg. 41,886 (Aug. 17, 2018).

CHES NextGen LLC  
CoxHealth Accountable Care  
Dartmouth-Hitchcock Health  
Deaconess Care Integration  
HCP ACO California, LLC  
Health Leaders Medicare ACO Network  
Henry Ford Physician Accountable Care Organization  
Mary Washington Health Alliance  
Mission Health Coordinated Care  
National ACO, LLC  
NEQCA Accountable Care, Inc.  
NW Momentum Health Partners ACO, LLC  
ProHealth Solutions LLC  
Reliance Next Gen ACO, LLC  
Reliant Medical Group  
Steward Integrated Care Network, Inc.  
Triad HealthCare Network  
UW Health ACO, Inc.