NEXTGEN ACO COALITION

NGACO Coalition Feedback on Direct Contracting Model

CMMI Should Reduce the Financial Exposure in the Direct Contracting (DC) Model

Issue: The current financial model includes a 2-5% discount for global model participants; a 2% retention withhold for early termination; a 5% quality withhold; and a leakage withhold. CMMI limits the maximum upward and downward adjustment that can result from incorporating regional expenditures into the benchmark, with an upward limit of 5% and a downward limit of 2%. CMMI has not yet released the risk adjustment methodology for DC. The total impact of these withholds and discounts represents significant risk exposure for participants.

NGACO Coalition Recommendations:

- CMMI should reduce or waive some of the model's withholds and discounts:
  - CMMI should waive the 2% retention withhold for entities with experience with two-sided risk as they have made significant investments in the infrastructure to manage risk and have demonstrated their commitment to do so.
  - CMMI should reduce the discount percentage in the global model.
  - CMMI should increase the cap on the regional component of the benchmark from 5% to 10% to align with Next Gen. The floor should remain at 2%.
- CMMI should ensure that the DC risk adjustment methodology aligns to the risk adjustment methodology for Medicare Advantage (MA) (i.e., uncapped).
- In the global model total care capitation track, DCEs should be able to negotiate their capitation with CMS, including the option for a seasonality adjustment to reflect on-the-ground factors specific to the DCE's patient population. DCEs should have the option for a higher upfront payment and reconciliation, similar to the approach offered for primary care capitation.
- CMMI should allow Standard DCEs to nest High Needs DCEs. Removing the most complex subset of the population and those providers creates substantial financial risk and results in an unfair playing field for Standard DCEs as compared to High Needs DCEs.

CMMI Should Modify the Quality Measure Set and Provide Additional Information about the Continuous Improvement/Sustained Exceptional Performance (CI/SEP) Criteria

Issue: CMMI proposed a quality measure set with a significant emphasis and weight on Consumer Assessment of Healthcare Providers and Systems (CAHPS) surveys. Nine of the 14 measures discussed in the proposed measures set are CAHPS measures. In DC, there is a 5% withhold associated with quality performance. Beginning in PY 2, half of the quality withhold (2.5%) is tied to a set of CI/SEP criteria.

We are deeply concerned about the weight affixed to CAHPS measures and therefore the payment consequences tied to survey results. CAHPS measures are not representative of our quality improvement work, rely on a small sample size without the ability to track back to specific regions, physicians, or patients, are received only once a year months after the performance year, and, for all these reasons, are not actionable. Given the financial implications

attached to these results, we do not believe that this this is a fair measure of performance. One Next Gen estimated that—based on past experience—each respondent would control $125,000 in withholds for the DCE.

We are also concerned about the CI/SEP criteria and our lack of information about how those metrics will impact the financial model in light of the 2.5% withhold attached to this performance. Specifically, we are concerned about what happens to the CI/SEP component when the DCE adds participants and patients.

NGACO Coalition Recommendations:

- The quality measure set for Direct Contracting should align to MA or ACO quality measures.
- CMMI should provide additional detail and criteria around the CI/SEP component with the financial benchmark and risk adjustment information or DCEs will be unable to model the true benchmark to make participation decisions.

CMMI Should Reduce Regulatory Burdens on DC Applicants

Issue: DC is on a compressed timeline. In addition, because we do not have the full financial model, many entities are applying for multiple models, including the Medicare Shared Savings Program (MSSP). The timeline and the application requirements create an additional burden on entities that are evaluating their options.

NGACO Coalition Recommendations:

- CMMI should provide a template for the sample contract required in the DC application. The template should lay out the parameters of the model that would be consistent across all DCEs; DCEs and their legal teams could fill in the variable items. This would reduce burden and legal fees associated with applying for this model for DCEs and their Participant and Preferred Providers.
- CMMI should confirm that DCE applicants are not required to include payment terms in the sample contract submitted as part of the DC application.
- CMMI should align the timelines and processes for DC to MSSP timelines and processes wherever possible.
- CMMI should provide a basic financial model in Excel that DCE applicants can use to evaluate the model, rather than each DCE having to build it themselves.
- CMMI should provide a sample Adjusted MA Rate Book that DCE applicants can use for modeling.
- CMMI should provide a sample weekly claims feed so applicants can see what information they would receive from CMMI in the model.

CMMI Should Provide Additional Support and Clarification for DCEs

The NGACO Coalition requests the following additional information and policy changes in support of the Direct Contracting model:

- "Reset" the beneficiary data sharing opt-out. The data opt out choice has followed patients from model to model. Some of these opt-outs are now many years old. DCEs

will need access to this patient information and should have another opportunity to access this information.

- Allow an option for certain specialists in Appendix G to be exluded from primary care capitation.
- Spell out the status/timeline of the geographic model so that DCEs understand the potential for disruption in their markets. The uncertainty around the geographic model underscores the need for a waiver of the retention withhold.
- CMMI should provide additional information about the high-performer pool for quality bonuses.
- CMMI should issue a document that spells out the agency's approach to model overlaps.
- CMMI should clarify the timelines around adjusting the capitated payment up or down to account for prospective plus alignment and leakage penalties.