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CENTERS FOR MEDICARE & MEDICAID SERVICES
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Findings at a Glance

Next Generation Accountable Care Organization (NGACO) Model

Evaluation of First Two Performance Years (2016-2017)

MODEL OVERVIEW

The NGACO model tests whether strong financial incentives for Medicare ACOs, paired with flexible payment options and tools to support care management, can improve health outcomes and lower expenditures for Medicare fee-for-service (FFS) beneficiaries. ACOs participating in the NGACO model assume 80 or 100 percent upside and downside risk, higher than in the Medicare Shared Savings Program (SSP) or the predecessor Pioneer ACO model. Participating ACOs also select from one of four payment mechanisms designed to facilitate cash flow and may opt to use one or more benefit enhancements designed to provide flexibility in care delivery.

The NGACO model began in 2016 and will run through 2020. ACOs joined the model in one of three years (2016, 2017, & 2018). Evaluation results presented in this Findings at a Glance cover the impact of the model **cumulatively in its first and second performance years (2016 and 2017)** and also examine **performance year 2 (2017)** separately.

PARTICIPANTS

During the 2016-2017 performance years, 46 ACOs were active in NGACO.

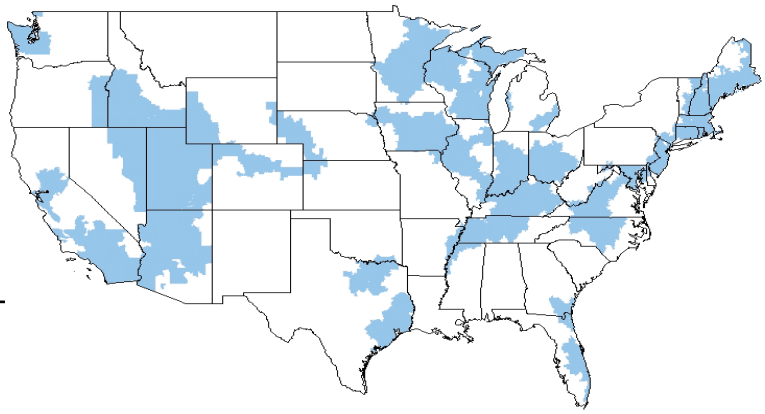
44 ACOs participated in 2017.

- 16 ACOs in their second year (2016 Cohort)
- 28 ACOs newly joined in 2017 (2017 Cohort)

There were large variations in size between ACOs in 2017.

	2017
Total # Aligned Beneficiaries:	1,232K
Average # Beneficiaries per ACO:	28.4K
Range in # Beneficiaries per ACO:	7.8K to 90K
Total # of Participating Providers:	45,150
Average # of Participating Providers per ACO:	618
Range in # of Participating Providers per ACO:	89 to 4.5K

NGACO Market Areas in Performance Year 2017



More NGACOs accepted 100% risk in 2017 (20 of 44) compared to in 2016 (3 of 18).

Most NGACOs in 2017 had prior Medicare ACO experience. Nearly two-thirds of NGACO-affiliated providers in 2017 were in Medicare SSP and Pioneer ACOs prior to joining the NGACO model.

This document summarizes the evaluation report prepared by an independent contractor. To learn more about the NGACO model and to download Evaluation Report 2, visit https://innovation.cms.gov/initiatives/Next-Generation-ACO-Model.

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FINDINGS

Cumulatively across 2016-2017, NGACOs reduced health care spending, but there were no net savings once we factored in the shared savings payments.

(in millions of dollars)

	Gross Spending	Net Spending
2016-2017	**-$123.2M ** (Reduction)**	+$93.0M

- NGACOs had a statistically significant reduction in Medicare Parts A and B spending relative to comparison beneficiaries in the same markets.
- After including shared savings payments, we found a non- statistically significant increase in net spending.

When we looked only at 2017, the two ACO cohorts had very different spending impacts.

(in millions of dollars)

	Gross Spending	Net Spending
2016 Cohort	+$24.5M	**+$116.5M** (Increase)**
2017 Cohort	**-$86.3M** (Reduction)**	-$0.9M
Combined Cohorts	-$61.8M	**+$115.6M** (Increase)**

2016 Cohort (in their second year) 39% of aligned beneficiaries in the 2017 sample.

- No significant impact on gross spending.
- After accounting for shared savings, these 16 ACOs were a "coster" in 2017. Increase in net spending (up 1.97%, p<.05).

2017 Cohort (in their first year) 61% of the 2017 sample.

- Health care payments were down significantly in the beneficiaries served by these 28 ACOs (down 0.4%, p<.05).
- After accounting for shared savings payments, there was no change in net spending.

Model-Wide in 2017

- When we combined the two cohorts, gross spending did not change significantly.
- Net Medicare spending increased relative to the usual care by $115.58 million in 2017 (up 0.72%, p<.05).

In the combined 2016-2017 sample, we observed…

Evidence of Changes in Post-Acute Care:

- Lower IRF & LTCH Spending (down 3.5%, p<.05)
- Increase in number of SNF stays (up 3.4%, p<.05)
- Higher use of Annual Wellness Visits (up 12.4%, p<.05)

No Change in Quality:

- No discernible change in the quality outcomes examined (preventable hospital admissions, hospital readmissions, and hospital readmissions following SNF stays)

Notes: ** p<0.05. **Abbreviations**: IRF, Inpatient Rehab Facility; LTCH, Long-Term Care Hospital; SNF, Skilled Nursing Facility.

KEY TAKEAWAYS

During its first two years of performance, the NGACO model was associated with a $123.2 million reduction in Medicare Parts A and B spending (down 0.6%, p<.05), but a $93 million increase in net Medicare spending (up 0.4%, not significant). In the 2017 performance year, the model was associated with insignificant gross spending reductions and a significant net loss to Medicare ($115.6 million spending increase, up 0.7%, p<.05). Reductions in post-acute care spending contributed to a modest decline in gross Medicare spending, but this savings was offset by the shared savings disbursement. The model did not show a discernible impact on quality of care. Planned changes to the model's financial methodology in Performance Years 4 and 5 (2019 and 2020) are expected to alter shared savings payments in those years and affect estimates of net impact when those years are evaluated.