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ACO WATCH: CMS Announces Three New ACO Initiatives

The Innovation Center at the Centers for Medicare & Medicaid Services (CMS) recently announced three initiatives designed to encourage the development of accountable care organizations (ACOs). The three new initiatives are: (1) the Pioneer ACO Model, (2) the Advance Payment ACO Model, and (3) Accelerated Development Learning Sessions on ACOs. Given the mixed reviews for the March, 2011 proposed rule implementing the Medicare Shared Savings Program for ACOs, these initiatives are intended to incentivize providers to participate in ACOs. Specifically, stakeholders in the provider community, including the American Hospital Association and the Cleveland Clinic, have criticized CMS' proposed rule as erecting significant barriers to widespread adoption and successful realization of savings attributable to high quality, cost effective care. CMS' newly announced initiatives respond to many of the most highly scrutinized details of the Medicare Shared Savings Program.

Pioneer ACO Model

The Pioneer ACO Model is designed for organizations that are further along in their ACO development and the care coordination process and ready to assume risk and participate in shared savings. Many of the requirements of the Pioneer Model are consistent with the Medicare Shared Savings Program, but the programs differ in some important respects. The Pioneer ACO Model includes a minimum requirement of 15,000 beneficiaries (5,000 in rural areas), as well as the opportunity to elect a prospective beneficiary assignment methodology, which will allow providers to know at the beginning of a performance period the patients for which the provider will have cost and quality accountability. Additionally, the Pioneer ACO Model is designed to work in coordination with private payors to improve care across the ACO and reduce costs for employers and private payors as well as Medicare beneficiaries. Up to thirty ACOs will be selected for participation in the Pioneer ACO Model. CMS is accepting applications for the Pioneer ACO Model until July 18, 2011. The Pioneer ACO Model and the Shared Savings Program introduced by CMS through the March 2011 proposed rule are two different programs. Organizations can apply to both, but may not participate in both programs. For more information on the Pioneer ACO model, [click here](#).

Advance Payment Initiative

CMS is considering an Advance Payment Initiative for certain ACOs participating in the Medicare Shared Savings Program to provide up-front funding to providers to support the formation of new ACOs. This initiative is intended to increase participation in the Medicare Shared Savings Program and respond to several providers' concern that the Medicare Shared Savings Program does not assist

providers with the burdensome initial start-up costs associated with implementing an ACO. Under this initiative, CMS plans to provide eligible organizations with an advance on the shared savings they are expected to earn through the Medicare Shared Savings Program. To participate in the Advance Payment Initiative, each ACO would be required to implement a plan for using the advance payments to coordinate care and meet other ACO organizational criteria. For more information about the Advance Payment Initiative, [click here](#).

ACO Education

The third initiative entails free ACO Accelerated Development Learning Sessions for providers to learn more about how to coordinate care and earn shared savings through ACO formation. Four learning sessions are scheduled for 2011. Each session will focus on the fundamentals of ACO development, including how to optimize cost-effective care, effectively use health information technology and manage financial risk. The sessions will not discuss elements or specific requirements for participation in the Medicare Shared Savings Program. The first session is scheduled to take place from June 20-22, 2011 in Minneapolis and portions of the session will be available via webcast. All materials from the sessions will be publicly available. [Click here](#) for more details on the ACO Accelerated Development Learning Sessions.

For assistance in forming or operating your ACO, or if you have questions about these new ACO initiatives, contact any of the insurance or health care attorneys listed on the front page of this Alert.