



Prospective Trends in the Medicare Shared Savings Program

The Accountable Care Prospective Trend (ACPT)

- ACO financial benchmarks are based on the ACO's assigned patients' historic spending and trended forward using a blend of national and regional growth rates.
- For new and renewing Medicare Shared Savings Program (MSSP) agreements beginning in 2024, CMS applies ACPT in combination with national and regional growth rates.
 - The ACPT is a fixed projected growth rate determined at the beginning of an ACO's agreement period. It accounts for one-third of the trend update.
 - The ACPT is based on United States Per Capita Cost (USPCC) growth trend projections, which are also used annually for establishing Medicare Advantage (MA) rates.
 - Growth trends are set for five years and there are separate trends for the aged/disabled population and the end-stage renal disease population.
- CMS introduced the ACPT to address benchmark ratchet challenges.
 - Program-wide benchmark ratcheting occurs when ACOs collectively reducing national and regional growth trends as they reduce expenditures and the number of beneficiaries in the program grows.
 - ACO-specific benchmark ratcheting occurs when an ACO lowers its expenditures during an agreement period, lowering the baseline historical expenditures at contract renewal.
- CMS intended the ACPT would:
 - Allow benchmarks to increase beyond actual spending growth rates as ACOs slow overall spending growth, and
 - Be an initial step towards administratively set benchmarks, which would no longer rely on a fee-for-service population as participation in MA and ACOs grows.
- A [CMS resource](#) provides more detail on the ACPT calculation, and ACOs can find their ACPT in the quarterly benchmark expenditures report.
- Trend Calculations:
 - New Trend Update with ACPT = $(ACPT * 1/3) + [(National\ Trend * National\ Weight) + (Regional\ Trend * 1 - National\ Weight) * 2/3]$
 - Trend Update without ACPT = $(National\ Trend * National\ Weight) + (Regional\ Trend * 1 - National\ Weight)$

ACPT Challenges

- For 2024, the ACPT inaccurately projected spending, arbitrarily lowering benchmarks for ACOs.
 - The ACPT is set around 4.9%, while the increase in national expenditures was nearly 8%.
 - This results in a 1.3% reduction in ACO benchmarks.
- While NAACOS conceptually supports using a prospective trend to mitigate the ratchet, we have continued to raise other concerns with the ACPT:
 - The ACPT does not solve for the ACO-specific benchmark ratchet.
 - The ACPT lacks guardrails for when it inaccurately predicts spending trends.
 - In recent years, the USPCC has been a poor predictor of spending growth.

- Unlike the Medicare Advantage program, CMS does not have a way of addressing inaccuracies in the trend updates.
- The ACPT does not account for significant price changes (e.g., new technologies) or regional variation in spending.
- Additionally, in the early years of the implementation of the ACPT and without additional growth in beneficiaries in the ACO program, the trend is not driven by the collective behavior of ACOs.

CMS Must Act Quickly to Correct 2024 Challenges. CMS Should:

- **Reweight the ACPT to 0% for 2024**
 - Otherwise, ACOs' benchmarks will be arbitrarily lowered. A lower benchmark translates to lower opportunity for shared savings, thus lower opportunity to reinvest in patient benefits, provide incentives to providers and invest in technology or care redesign.
 - CMS has discretion to reweight the ACPT. Regulatory language at § 425.652(b)(4)(ii) states: "CMS has sole discretion to determine whether an unforeseen circumstance exists that warrants a reduction to the weight of the ACPT and the reduced weight that will apply to the ACPT."
 - Further, CMS specifies in [guidance](#) what those "unforeseen circumstances" are, stating that "if it is determined that expenditure growth has differed significantly from projections made at the start of the agreement period due to unforeseen circumstances, such as an economic recession, pandemic, or other factors, a reduction in the weight placed on the ACPT may be considered."
 - Coupled with a lack of advanced APM incentives and a potential repeal of higher physician payment updates for clinicians in advanced APMs, ACOs face greater financial uncertainty threatening retention of clinicians in the program.
- **Place Guardrails on the ACPT to Ensure the Policy Addresses the Impact of the Program-wide Ratchet Effect**
 - Set ACO trend updates to be the better of the prior national/regional blend or the trend with ACPT.
 - Set the ACPT for 5 calendar years for all ACOs, rather than setting the ACPT based on the contract year.
- **Address Impact of the ACO-specific Ratchet Effect**
 - Increase the prior savings adjustment.
 - Allow ACOs to receive regional adjustments and the prior savings adjustment.
 - Explore options to avoid rebasing at contract renewal.