CMS wants to reboot its ACO program

By DAN DIAMOND (ddiamond@politico.com; @ddiamond)08/10/2018 10:00 AM EDT

Texas may be at risk of losing billions of Medicaid dollars, and Amazon is reportedly planning to test primary care clinics for its employees.

But first: The Trump administration on Thursday dropped its much-anticipated rule on accountable care organizations.

CMS WANTS TO REBOOT ITS ACO PROGRAM — The agency wants doctors and hospitals in the Medicare Shared Savings Program to take on more financial risk — and to do it more quickly, POLITICO's Rachel Roubein reports.

“The time has come to put real 'accountability' in Accountable Care Organizations,” CMS Administrator Seema Verma wrote in a Health Affairs post laying out the proposed changes.

ACOs that take on risk have better incentives to save more and produce better quality outcomes over time.

— **Why it matters:** Just one in five ACOs are currently at risk of losing money in the MSSP program. Most have opted for "Track 1," in which ACOs can share in savings if they hit key goals but aren't at risk of having to pay Medicare back.

Meanwhile, the three-track program would be slimmed down to two options: a "BASIC" path that steadily ramps up risk, and an "ENHANCED" path that would allow providers to immediately qualify as an Advanced Alternative Payment Model under Medicare's physician payment law.

— Andy Slavitt applauded the proposal: "They are making the call that people in Track 1 need to move up or out," the ex-CMS administrator told POLITICO. "This is a decision that keeps getting deferred every year because people say they aren't ready. But their view is Track 1 is often an excuse to pick up market share and raise prices, not reduce admissions. I have pushed the same direction."

— Prepare for an ACO exodus? In the rule, CMS' own analysis predicts that 109 ACOs, or roughly one in five, will drop out of the program in the next decade.

The advocacy group for ACOs sounded the alarm. "It's naïve to think that ACOs that aren't ready can be forced to take on risk, given that the program is voluntary," said Clif Gaus, CEO of the National Association of ACOs. "The more likely outcome will be that many ACOs quit the program, divest their care coordination resources and return to payment models that emphasize volume over value."

Hospital leaders also suggest that there's risk in shifting incentives yet again. "[It] can take time to fundamentally change your care model from what it's been for the last fifty years," Jonathan Jaffery, SVP/Chief Population Health Officer for UW Health, told PULSE. "It would be unfortunate if providers who have been willing to invest millions to develop new models of care with no guarantee of reward no longer felt like they could take the long-view on their investment."

MEANWHILE: HHS DEALS TEXAS A MAJOR MEDICAID BLOW — An agency appeals board quietly ruled against Texas on a controversial Medicaid funding provision, raising questions about billions of Medicaid dollars paid out to the state, POLITICO scooped Thursday night.

— **The wonky details:** Under a Medicaid waiver, Texas between 2011 and 2016 leaned on private hospitals to finance Medicaid uncompensated care payments on behalf of the state. Based on a sample — two country hospital districts in the fourth quarter of 2015 — the appeals board determined that the state was wrongly financing the program.

"It's like the private hospitals were in cahoots with the state to get the payments for themselves without any state or local share — and the federal taxpayer is paying for the whole thing," said Families USA's Eliot Fishman, who led CMS' work on state waivers between 2013 and 2017.

"We are studying the board's opinion and will be evaluating next steps," said Christine Mann, a spokesperson for the Texas health department.

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… The Trump administration has repeatedly touted its efforts to crack down on Medicaid fraud and abuse. Verma is scheduled to testify to Congress on her agency's Medicaid program integrity plan later this month.

IT'S FRIDAY PULSE, COMING TO YOU FROM BURLINGTON, VT. — Where your author spotted Kathryn Becker Van Haste, Sen. Bernie Sanders' health policy director, at dinner last night. Health care can be a small world; Burlington is an even smaller town. Tips to ddiamond@politico.com.

A SIMPLE LETTER CAN SHAPE PHYSICIAN BEHAVIOR — That's the takeaway from a pair of recent studies:

— Research published in Science on Thursday found that physicians cut their opioid prescriptions after getting a letter from the medical examiner's office telling them of their patient's fatal overdose.

"Low-cost letters to doctors can be one part of the toolkit to improving the quality, safety, and performance of health systems," Columbia's Adam Sacarny, who led the JAMA Psychiatry study, told PULSE.

— Implications for policymakers: Sacarny suggested that the research shows how existing teams can be deployed in new ways. "The group we worked with at CMS was traditionally responsible for auditing and investigating doctors, which was costly and intrusive," he told PULSE. "These letters were an intermediate, lighter-touch option."

Sacarny also said that stressing the consequences of physicians' behavior — such as overdose deaths — made the nudges more effective.

AROUND THE NATION

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Seattle: Amazon plans internal clinics for its employees. The retail juggernaut is considering a plan to open primary care clinics at its headquarters, CNBC's Christina Farr scooped. More.

Minnesota: Hospital surgery costs vary by tens of thousands of dollars. That's according to a new state analysis that found considerable variation, even within the same hospital. For instance, the price for a spinal fusion ranged from about $27,600 to $80,800. More.

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