

# NOW & NEXT

## Healthcare Alert

MARCH 7, 2022

### Applications open for the New Equity-Based Accountable Care Organization Model: ACO REACH

By April E. Schweitzer and Sarah Swank<sup>1</sup>

CMS will withdraw the Global and Professional Direct Contracting Model and replace it with an accountable care organization model focused on enhancing health equity.



#### What's the Impact

- / CMMI will continue to operate GPDC until December 31, 2022
- / ACO REACH retains some key aspects from GPDC
- / ACO REACH builds on a decade of experience with accountable care initiatives

The Centers for Medicare and Medicaid Services ("CMS"), through its [Center for Medicare and Medicaid Innovation](#) ("CMMI") announced its plans to launch a new accountable care organization ("ACO") model called the ACO REACH and abandon the Trump administration program, the Global and Professional Direct Contracting Model ("GPDC"). CMMI stated that the ACO Reach model is a "redesign" of the GPDC Model with focus on health equity, significant increased provider governance, and improved risk adjustments. The [Accountable Care](#)

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[Organization Realizing Equity, Access, and Community Health Model](#) (or “ACO REACH”) will be effective January 1, 2023, and continue through December 31, 2026. Applications will be open and the GPDC participants will migrate to the ACO REACH model in 2023.

## DCEs Model to end

After pausing GPDC for review in March 2020, CMS has also announced that they are cancelling the payment model, which was set to begin the first of two three-year performance periods on January 1, 2022. Direct contracting models were established by the Trump administration as a way to augment prior ACO models. The Geo payment model garnered criticism from some including over fifty [lawmakers](#), 13,000+ [physicians](#), and other [advocates](#) urging that its endorsement of private equity funding to traditional Medicare would obscure clinical outcomes. At the same time, the National Association of ACOs (“NAACOS”) asked federal lawmakers to keep the program and make corrections. Last week, NAACOS created the ACO REACH Coalition with the goals of promoting learning and advocacy around the model.

## Request for Applications open

CMMI is encouraging participation of ACO REACH by deciding not to cap applications into the program. The Request for Applications will be open from March 7, 2022, through April 22, 2022. The Performance Year will begin in 2023 with an optional Implementation Period from August 1, 2022, to December 31, 2023. CMMI will continue to operate GPDC until December 31, 2022. Although GPDC applications are still pending from last year, current GPDC participants can become involved in the new model so long as they agree to meet all of ACO REACH’s requirements by January 1, 2023.

## Biden administration cites transparency and Wall Street

In an interview, CMS Administrator Chiquita Brooks-LaSure said, “We are very focused on making sure that all beneficiaries, all the people who are served in traditional Medicare, [retain all the rights that are afforded to them.](#)” The Biden administration cited concerns regarding private-backed funds dictating Medicare access, which were echoed in the recent [State of the Union Address](#). CMS will now require participants in ACO Reach to demonstrate their history of providing direct patient care and service to vulnerable patient populations. Applicants must also assess and share risks to program integrity posed by its owners and demonstrate the accomplishment of quality outcomes.

## ACO Reach: Name change and key differences

ACO REACH retains some key aspects from GPDC. The new model carries over GPDC’s risk-sharing tracks and participation structure. Based on organizational experience and patient population, the model’s participants will remain classified as Standard ACOs, New Entrant ACOs, or High Needs Population ACOs. The redesigned model no longer addresses participants as Direct Contracting Entities and instead will refer to them as ACOs. The [NAACO supported the preservation of these principles](#), stating that direct contracting generated “great misunderstanding about the model and the overall shift to value-based payment.”

Previously, NAACO, backed by over 200 organizations, urged for a program overhaul of GPDC, rather than total replacement, which they feared would interrupt progress in the value-based care movement.<sup>2</sup> REACH ACO retains consistency with GPDC by not modifying the benchmarks for participants to earn shared savings, a feature that will benefit incoming participants. Further, a quality withhold controls a portion of a participant's performance year benchmark, by deeming it "at-risk" contingent upon the participant's quality and performance. ACO REACH has reduced the withheld amount from 5% as established under GPDC to 2%, still giving participants an opportunity to earn back the withhold based on their quality reporting and performance.

## What's new with ACO REACH

**The highlights.** What is new is a return to principles of the [Medicare Shared Savings Program Accountable Care Organizations](#) (or "MSSP ACOs"), as well as additional elements in ACO REACH. For example, this program introduces several key elements including:

- / Requiring participants to identify health disparities and develop a health equity plan to mitigate such disparities
- / Enabling nurse practitioners to order a host of new medical services
- / Considering changing population demographics to cap adjustment policies per ACO
- / Increasing provider governance from 25% under GPDC to now at least 75% for ACO REACH boards, consistent with MSSP ACOs

**The application.** There is a focus on support delivery in underserved communities and ensuring care is coordinated for those populations. There is a focus on more participation vetting, monitoring, and what they call "greater transparency" related to ownership, leadership, and governing boards for ACO REACH participants.

**Participant types.** There will be three types of providers:

- / **Standard ACOs** who have general experience serving fee-for-service Medicare beneficiaries
- / **New Entry ACOs** that do not traditionally provide services to Medicare beneficiaries who will have to rely on voluntary alignment under this program
- / **High needs population ACOs** who serve Medicare beneficiaries with complex needs such as dual-eligible beneficiaries who are eligible for Medicare and Medicaid, and likely will be using a model of care such as the Program of All-Inclusive Care for the Elderly ("PACE") to coordinate care.

Two voluntary participation options will exist either low-risk sharing or global options. The global options include both a Primary Care Capitation Payment or Total Care Participation Payment.

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<sup>2</sup> NAACO, *supra* at note 3.

## What's next: Health equity

ACO REACH builds on a decade of experience with accountable care initiatives, such as the Medicare Shared Savings Program, the Pioneer ACO Model, and the Next Generation ACO Model in the quest to create a healthcare system that achieves equitable outcomes through high quality, affordable, person-centered care. The idea is that this model will test the model Medicare payments, which in the future could be tied to the ability to care for underserved communities and to measurably reduce health disparities in Medicare beneficiary populations.

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