

CMS Announces New Round of Advance Payment Model ACO Applications

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SUMMARY

The Centers for Medicare & Medicaid Services has designed an Advance Payment Model for participants in the Medicare Shared Savings Program, giving them advance payments that will be repaid from the future shared savings they earn.

Lost during the anticipation of the U.S. Supreme Court opinion relating to the Affordable Care Act (<http://www.saul.com/publications-alerts-875.html>) was the regulatory notice regarding accountable care organizations (ACOs). On June 26, 2012, the Centers for Medicare & Medicaid Services (CMS) announced a new opportunity for ACOs that desire to participate in the Advance Payment Model. The Advance Payment Model was designed by CMS for participants in the Medicare Shared Savings Program (MSSP) in need of prepayment of expected shared savings to build their capacity to provide coordinated care and generate cost savings.

The first performance period of the Advance Payment Model began on April 1, 2012 and included five ACOs located in North Carolina, Kentucky, New Hampshire, Florida and Texas. The second period of the Advance Payment Model is scheduled to begin on July 1, 2012, and the newly announced third grouping will be launched on January 1, 2013.

Advance Payment Model applicants must fall into one of the following two categories:

- ACOs that do not include any inpatient facilities and have less than \$50 million in total annual revenue; or
- ACOs in which the only inpatient facilities are critical access hospitals (CAHs) and/or Medicare low-volume rural hospitals and have less than \$80 million in total annual revenue.

Additionally, ACOs that are co-owned with a health plan are ineligible to participate in the Advance Payment Model.

Participants in the Advance Payment Model will receive advance payments that will be repaid to CMS from the future shared savings they earn. If the ACO does not generate sufficient savings to repay the advanced amounts, CMS may offset shared savings in subsequent performance years and any future agreement periods. According to CMS, it may also pursue recoupment from underperforming ACOs "where available," although it has not provided any additional detail on what circumstances would prompt such action.

Applications for the Advance Payment Model are available at <http://innovations.cms.gov/initiatives/ACO/Advance-Payment/Application-Info.html> and will be accepted by CMS from August 1, 2012 through September 19, 2012, although interested parties must have already submitted their MSSP Notice of Intent (NOI) on or before June 29, 2012.

Saul Ewing's Health Practice can assist you in crafting your ACO strategy. We have prepared and distributed numerous alerts related to ACOs (http://www.saul.com/publications-alerts.html?do_item_search=1&industry=19) and will continue to publish additional updates relating to ACOs and the Medicare Shared Savings Program.

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