

**Next Generation Accountable Care Organization (ACO) Model  
Announcement of 2018 Application Round  
Updated: December 15, 2016**

**Q: What are you announcing today?**

**A:** The Centers for Medicare & Medicaid Services (CMS) is announcing a third round of applications for the Next Generation ACO Model. The Model was first announced in spring 2015; the original solicitation announced two application rounds for start dates in January 2016 and January 2017. This new announcement offers the opportunity to apply for a January 2018 start date.

**Q: What is the Next Generation ACO Model?**

**A:** The Next Generation ACO Model is an initiative developed by the CMS Innovation Center for ACOs experienced in managing the health of populations of patients. It allows participating providers to assume higher levels of financial risk and reward than are available under the current Pioneer ACO Model or the Medicare Shared Savings Program. The goal of the Next Generation ACO Model is to test whether strong financial incentives for ACOs can improve health outcomes and lower expenditures for Original Medicare fee-for-service beneficiaries.

**Q: What is an Accountable Care Organization (ACO)?**

**A:** An ACO is a group of providers and suppliers who voluntarily come together to form a legal entity that agrees to be held accountable for improving the health and experience of care for the Medicare fee-for-service beneficiaries assigned to the ACO, while reducing the rate of growth in health care spending.

**Q: When does the Next Generation ACO Model begin? When does it end?**

**A:** The Next Generation ACO Model is a five year initiative that began on January 1, 2016 and will end on December 31, 2020. The Model is structured as an initial agreement period and two option years. ACOs that enter the Model on January 1, 2018 will have an initial agreement period of one year before the two option years.

**Q: How many ACOs will participate in the Next Generation ACO Model?**

**A:** There are 18 Next Generation ACOs that began participation on January 1, 2016. CMS will announce new 2017 participants in early 2017. Additional information on current participants can be found on the [Next Generation ACO Model's website](https://innovation.cms.gov/initiatives/Next-Generation-ACO-Model/): <https://innovation.cms.gov/initiatives/Next-Generation-ACO-Model/>.

**Q: How does an ACO apply for the Model?**

**A:** A Request for Applications (RFA) soliciting applications for this round will be posted to the [Next Generation ACO Model website](https://innovation.cms.gov/initiatives/Next-Generation-ACO-Model/) in January 2017 (<https://innovation.cms.gov/initiatives/Next-Generation-ACO-Model/>); the RFA will include the text of the application. The Letter of Intent is expected to open in February 2017. The Letter of Intent is non-binding; however, only those organizations that submit an Letter of Intent may submit an application. Finally, the Next Generation ACO Model's application portal will open in March 2017 and applications will be due in May 2017.

**Q: How can an organization submit a Letter of Intent?**

**A:** The Letter of Intent is an online form. A link to the Letter of Intent will be available on the [Next Generation ACO website \(https://innovation.cms.gov/initiatives/Next-Generation-ACO-Model/\)](https://innovation.cms.gov/initiatives/Next-Generation-ACO-Model/) in February 2017.

**Q: How does a clinician participate in the Next Generation ACO Model?**

**A:** Clinicians, and other Medicare-enrolled providers and suppliers, may participate in the Next Generation ACO Model by serving as a Next Generation Participant or Preferred Provider. Next Generation Participants form the core of the ACO. Beneficiaries are aligned to the ACO through services received from Next Generation Participants and these providers/suppliers are responsible for, among other things, reporting quality through the ACO. The Next Generation ACO Model also permits ACOs to designate Preferred Providers, in order to allow ACOs to establish relationships with providers and suppliers along the care continuum that emphasize high-value services and management of beneficiaries' care. ACOs who apply to participate in 2018 will be required to submit a list of proposed Next Generation Participants as part of the application.

**Q: Does participation in the Next Generation ACO Model qualify a clinician for the Alternative Payment Model (APM) incentive payment under the Quality Payment Program?**

**A:** Yes, if the ACO has a sufficient amount of patients enrolled in or payments through the model. The Next Generation ACO Model is an Advanced Alternative Payment Model under the Quality Payment Program. In order to qualify for the 5 percent APM incentive payment for participating in an Advanced APM during a payment year, Next Generation Participants must receive a certain percentage of payments for Medicare Part B covered professional services or see a certain percentage of Part B patients through the Advanced APM during the associated performance year. More information about the [Quality Payment Program \(QPP\)](https://qpp.cms.gov) and Advanced APMs can be found at <https://qpp.cms.gov>.

**Q: How many ACOs will be accepted for 2018? What criteria will be used to select 2018 participants for the Next Generation ACO Model?**

**A:** The number of ACOs selected will be based on the level of interest in the Model and available resources. Consistent with past application rounds, CMS will review applications in accordance with specific criteria in five key domains: (1) organizational structure; (2) leadership and management; (3) financial plan and experience with risk sharing; (4) patient centeredness; and (5) clinical care model. In addition, applicants need to demonstrate that their organizational structures promote the goals of the model by including diverse sets of providers who will demonstrate a commitment to high quality care. ACOs also must have 10,000 aligned beneficiaries in order to qualify for acceptance into the Next Generation ACO Model, unless located in a rural area. Lastly, applicants with prior participation in a CMS program or demonstration must have demonstrated good performance and conduct in the previous initiative. Additional information will be available in the RFA, to be posted on the Next Generation ACO Model website in January 2017.

**Q: Are current Medicare Shared Savings Program ACOs eligible to apply for the Next Generation ACO Model?**

A. Yes, participants in the Medicare Shared Savings Program, as well as all other organizations that meet applicant eligibility requirements (as described above), are eligible to apply for this model. Additional details regarding eligibility are forthcoming in the RFA.

**Q: Are organizations permitted to simultaneously participate in the Next Generation ACO Model and other Medicare shared savings initiatives?**

**A:** No. ACOs may not simultaneously participate in both the Next Generation ACO Model and the Medicare Shared Savings Program during a given performance year, and there are exclusivity requirements that prohibit Next Generation ACO Participants from serving as a participants in a Medicare Shared Savings Program ACO. Additionally, Next Generation ACOs, and their Next Generation Participants, may not simultaneously participate in the Comprehensive Primary Care Plus (CPC+) model. Next Generation Preferred Providers are not subject to the same model overlap rules and may participate as a Next Generation Preferred Provider while also participating in other initiatives.