

Accountable Care Organization Investment Model (AIM) Request for Applications

ACO Investment Model

As a complement to the Medicare Shared Savings Program (MSSP), the Centers for Medicare & Medicaid Services is seeking applications for the ACO Investment Model (AIM). AIM tests whether and how pre-paying a portion of expected shared savings to ACOs increases ACO participation in MSSP, particularly in low penetration and rural areas. Encouraging participation in areas of low ACO penetration may spur new markets to focus on improving care outcomes for Medicare beneficiaries. It also tests whether and how such pre-payments encourage existing Medicare ACOs to select payment arrangements with higher levels of financial risk. Encouraging ACOs to transition to higher risk arrangements may also thereby increase the degree and speed at which ACOs can improve care for beneficiaries and generate Medicare savings.

The AIM is a response to concerns and available research suggesting that some providers lack adequate access to the capital needed to invest in infrastructure necessary to successfully implement population care management. For example, ACOs may need to invest in data warehouses to generate patient registries or hire new staff to provide intensive care management services. ACOs need a sustainable business model as they transition to payment arrangements that reward outcomes rather than volume. Given the time lag between when ACOs begin making investments and when they can realistically expect to receive sufficient shared savings to recoup their investments, organizations with less access to capital may be less likely to enter or sustain participation in Medicare ACO initiatives.

Through AIM, selected organizations will receive pre-payment of expected Medicare shared savings. AIM funds will be partially distributed as a lump sum in the first month of participation in the model and the rest as ongoing monthly payments. ACOs will submit a spend plan for how they plan on using these funds to build care coordination capabilities and meet other criteria. Pre-paid shared savings will be recovered primarily through the ACOs' earned shared savings, if any, in the Medicare Shared Savings Program.

The eligibility and selection criteria described later in this document are designed to target those ACOs with the least access to capital. In particular, CMS wants to encourage providers to form MSSP ACOs in rural areas and areas with low ACO penetration. CMS has set up the AIM application scoring criteria to encourage 2012, 2013 and 2014 MSSP starters to commit to moving to higher risk tracks in MSSP. CMS intends to partner with up to 75 ACOs in the AIM, although the exact number will depend on the availability of funding.

Under section 1115A(d)(1) of the SSA, the Secretary of Health and Human Services may waive such requirements of Titles XI and XVIII and of sections 1902(a)(1), 1902(a)(13), and 1903(m)(2)(A)(iii), as may be necessary solely for purposes of carrying out section 1115A with respect to testing models described in section 1115A(b). Although this authority may be used to waive certain laws designed to combat program fraud and abuse ("fraud and abuse laws"), no waivers of fraud and abuse laws are necessary to test this model. We note that waivers of certain fraud and abuse laws have been issued for MSSP, including a waiver of the physician self-referral prohibition (commonly referred to as the "Stark" law), federal anti-kickback statute, and gainsharing CMP for certain arrangements with respect to the distribution or use of shared savings earned by an ACO, and for certain arrangements reasonably related

to the purposed of the MSSP, subject to specified safeguards. An ACO participating in AIM may distribute or use pre-paid shared savings received under this model in accordance with existing law or the terms of those waivers.

Applicants will be screened to determine eligibility for further review using criteria detailed in this Request for Applications and in applicable law, including 2 CFR Parts 180 and 376. In addition, CMS may deny funding to an otherwise qualified applicant or ACO group on the basis of information found during a program integrity review regarding the applicant, its affiliates, or any other relevant individuals or entities. Applicants will be required to disclose sanctions, investigations, probations or corrective action plans that have been imposed on the applicant in the last three years.

The terms of this model may evolve as the agreement governing participation in AIM (the "AIM participation agreement") is drafted. The final terms and conditions of AIM shall be set forth in the AIM participation agreement, which shall be executed by each AIM participant.

ACO INVESTMENT TEST 1

All MSSP ACOs must sign a participation agreement with CMS in which the ACO agrees to participate in MSSP for a three year period (the "MSSP agreement period"). Test 1 offers "start-up" financial support to ACOs that will begin their first MSSP agreement period in 2016.

Payments to Selected New 2016 MSSP Starters

ACOs selected for Test 1 ("Test 1 ACOs") will receive their first payment under AIM in the first month of their first MSSP performance year, and payments will continue for up to 24 months.

Test 1 ACOs will receive three types of payments:

- 1) *An upfront, fixed payment:* Each ACO will receive a \$250,000 payment in the first month of its participation in the Shared Savings Program.
- 2) *An upfront, variable payment:* Each ACO will receive a payment in the first month of its participation in the Shared Savings Program equivalent to the number of its preliminary, prospectively assigned beneficiaries multiplied by \$36.
- 3) *A monthly payment of varying amount depending on the size of the ACO:* Each ACO will receive a monthly payment equal to the number of its preliminary, prospectively assigned beneficiaries multiplied by \$8, for up to 24 months or until it ceases participation in the Shared Savings Program or AIM, whichever is sooner.

Pre-paid shared savings are structured in this manner to acknowledge that new ACOs will have both fixed and variable start-up costs. Using this methodology, a Test 1 ACO that begins AIM participation in January 2016 with 7,000 assigned beneficiaries would receive \$502,000 in upfront payments and \$1,344,000 in monthly payments for a total of \$1,846,000 in pre-paid shared savings over 24 months, provided that the ACO's MSSP participation agreement or AIM agreement is not terminated prior to its expiration.

Recovery of Pre-paid Shared Savings

Under the annual MSSP reconciliation process, CMS determines for each performance year whether the ACO qualifies for a shared savings payment and the amount of any such payment (or in the case of a Track 2 ACO, whether the ACO is liable for shared losses and the amount of such shared losses). ACOs

participating in AIM will be required to repay all pre-paid shared savings amounts through a reduction in earned shared savings. Specifically, CMS will recover pre-paid shared savings payments from Test 1 ACOs by reducing the amount of any shared savings payments that are owed upon annual reconciliation. For example, if a Test 1 ACO does not generate sufficient shared for the 2016 performance year to fully repay pre-paid shared savings received in 2016, CMS will recover the balance from shared savings earned in the subsequent two performance years of the MSSP agreement period and in later performance years if the ACO chooses to renew its MSSP participation for a second agreement period. Thus, upon annual reconciliation, the current AIM balance will be deducted from the shared savings payment. The amount of the AIM balance deducted in this way will not be greater than the shared savings amount for that period, and any remaining AIM balance will be offset against shared savings earned in subsequent performance years. Should an ACO not earn sufficient shared savings in the first MSSP agreement period to fully repay pre-payments, and should the ACO not enter a second MSSP agreement period, then CMS will not pursue full recovery of remaining pre-payments from that ACO. CMS will recover all pre-payments up to the total shared savings earned by the ACO, but will not pursue amounts in excess of the earned shared savings. ***CMS will pursue full recovery of pre-paid shared savings from any ACO that does not complete its initial MSSP agreement period or the full term of the AIM agreement. CMS will recover all pre-paid shared savings from any ACO that is terminated from their MSSP agreement or AIM agreement. CMS may terminate an ACO's MSSP agreement and AIM agreement should the ACO fail to comply with regulations and terms of the MSSP agreement. CMS may terminate an ACO's AIM agreement if that ACO expends funds in a manner inconsistent with the approved spend plan or if that ACO fails to comply with the regulations or terms of the AIM agreement.*** AIM ACOs will be required to file periodic reports documenting their use of these funds to allow monitoring of compliance with this provision.

Eligibility and Selection Criteria

For the ACOs starting in 2016, CMS will review MSSP and AIM applications concurrently. An ACO will be eligible to participate in AIM if it is eligible to participate in MSSP and satisfies the following requirements:

- 1) The ACO has a preliminary prospective beneficiary alignment of 10,000 or fewer beneficiaries, as determined in accordance with the MSSP program regulations.
- 2) The ACO does not include a hospital as an ACO participant or an ACO provider/supplier (as defined by the MSSP regulations), unless the hospital is a critical access hospital (CAH) or inpatient prospective payment system (IPPS) hospital with 100 or fewer beds
- 3) The ACO is not owned or operated in whole or in part by a health plan.

Selection

ACOs that meet the eligibility criteria will be scored according to the rubric below and on the basis of the quality of their spend plans outlining how the ACO intends to use pre-paid shared savings. The scoring criteria favor ACOs with the least access to capital (such as ACOs located in or serving rural areas (“rural ACOs”) and ACOs located in a geographic area of low ACO penetration) and ACOs that are in or are committed renewing under a higher risk track in their upcoming MSSP agreement. Although ACOs may be eligible to participate in Test 1 even if they are not rural ACOs or located in an area with low ACO penetration, rural ACOs and ACOs located in areas of low ACO penetration will be given significant preference in the selection process because this test is most relevant to these organizations.

Spend Plan Quality	Points (max 8 pts.)
Acceptable	0
Good	4
Exceptional	8
Geographic Penetration	Points (max 4 pts.)
High (3 or more Medicare ACOs in the primary care service area)	0
Medium (1-2 Medicare ACOs in the primary service area)	2
Low (0 Medicare ACOs in the primary service area)	4
Higher risk	Points (max 2 pts.)
Agree to participate in a two sided risk track in their 2016 MSSP agreement	2
Demonstration of Financial Need	Points (max 2 pts.)
Needs statement demonstrates exceptional need for pre-paid shared savings	2
Rural Location	Points (max 4 pts.)
% of provider delivery sites in either: 1. nonmetropolitan counties, or 2. in areas with RUCA codes 4-10 in metropolitan counties	
< 65%	0
65-85%	2
> 85%	4
Total Points	20

ACO INVESTMENT TEST 2

Test 2 offers financial support to ACOs that began their MSSP agreement period in April 2012, July 2012, January 2013 or January 2014.

Payments to Selected Existing MSSP (2012, 2013, 2014 start dates)

ACOs selected for Test 2 (“Test 2 ACOs”) will begin receiving payments under AIM in April 2015 if they started MSSP participation in 2012 or 2013. Payments to Test 2 ACOs that started participating in MSSP in 2014 will begin receiving payments under AIM in January 2016. The payments to all Test 2 ACOs will continue for up to 24 months or until termination of participation in the MSSP or AIM, whichever is sooner.

ACOs selected for Test 2 will receive two types of payments:

1) *An upfront, variable payment:* Each ACO will receive a payment in the first month equivalent to the number of its preliminary, prospectively assigned beneficiaries on its most recent quarterly report multiplied by \$36.

2) *A monthly payment of varying amount depending on the size of the ACO:* Each ACO will receive a monthly payment equal to the same number of preliminary, prospectively assigned beneficiaries used to calculate the first payment above, multiplied by \$6.

For example, an ACO with 5,000 assigned beneficiaries that began MSSP participation in 2012, 2013 or 2014 would receive an up-front payment of \$180,000 and \$720,000 in monthly payments for a total of \$900,000 over 24 months, provided that the ACO’s MSSP participation agreement or AIM agreement is not terminated prior to its expiration.

Recoupment of Pre-paid Shared Savings

Test 2 ACOs will be required to repay all pre-paid shared savings amounts. Specifically, CMS will recover pre-paid shared savings from Test 2 ACOs by first reducing the amount of any shared savings payments that are owed upon annual reconciliation. For example, if a Test 2 ACO does not generate sufficient savings for the 2016 performance year to fully repay all pre-paid shared savings payment amounts, CMS will recover the balance from shared savings earned in the subsequent two performance years of the MSSP agreement period, and in later years if the ACO chooses to renew its MSSP participation for a second agreement period. If a Test 2 ACO has not earned sufficient shared savings in the first MSSP agreement period to fully repay all pre-paid shared savings payments, and the ACO does not renew its MSSP participation for a second agreement period, then ***CMS will pursue full recovery of remaining amount from that ACO.*** In order to ensure recovery of AIM funds, CMS will require the ACO to demonstrate its ability to repay the AIM balance through a financial guarantee in the form of (1) funds placed in an escrow; (2) a line of credit; (3) a surety bond; or (4) an alternative payment mechanism determined by CMS to be acceptable. The ACO must obtain the financial guarantee upon notification by CMS that the ACO has a positive balance of AIM funds. The financial guarantee must be for an amount not less than 50% of the then current AIM balance, must be maintained for a time period to be specified by CMS, and must satisfy such other criteria as set forth in applicable guidance. This financial guarantee is in addition to the repayment mechanism required under MSSP regulations for shared losses.

CMS will pursue full recovery of any outstanding pre-paid shared savings payments at the time the ACO ends or CMS terminates either the ACO’s MSSP participation agreement or AIM agreement. CMS may terminate an ACO’s MSSP agreement and AIM agreement should the ACO fail to comply with regulations and terms of the MSSP agreement. CMS may terminate an ACO’s AIM agreement if that ACO expends funds in a manner inconsistent with the approved spend plan or if that ACO fails to

comply with the regulations or terms of the AIM agreement.. AIM ACOs will be required to file periodic reports documenting their use of these funds to allow monitoring of compliance with this provision.

Eligibility and Selection

Eligibility

An ACO that began participation in the Medicare Shared Saving Program in 2012, 2013 or 2014 will be eligible for Test 2 if it meets the following requirements:

- 1) The ACO has a preliminary prospective beneficiary alignment of 10,000 or fewer beneficiaries, as determined in accordance with the MSSP regulations for the most recent quarter.
- 2) The ACO does not include a hospital as an ACO participant or an ACO provider/supplier (as defined by the MSSP regulations), unless the hospital is a critical access hospital (CAH) or inpatient prospective payment system (IPPS) hospital with 100 or fewer beds
- 3) The ACO has completely and accurately reported quality measures to MSSP in the most recent performance year.
- 4) The ACO is not owned or operated in whole or in part by a health plan.
- 5) The ACO did not participate in the Advance Payment Model.

Selection

ACOs that meet the eligibility criteria above will be scored according to the rubric below and on the basis of the quality of their spend plans outlining how the ACO intends to use pre-paid shared savings.

The scoring criteria favor ACOs committed to moving to higher risk tracks, ACOs that provide high quality of care, ACOs that achieved their financial benchmark, and ACOs that demonstrate exceptional financial need.

Spend Plan Quality	Points (max 8 pts.)
Acceptable	0
Good	4
Exceptional	8
Quality of Care	Points (max 2 pts.)
Met or exceeded the median performance rate compared to all ACOs on \geq 50% of measures	1
Met or exceeded the median performance rate compared to all ACOs on \geq 70% of measures	2
Financial	Points (max 2 pts.)

Demonstrated cost efficiency gains equal to or exceeding the financial benchmark in previous performance year	2
Higher risk and retention	Points (max 6 pts.)
Is in or agrees to move to a two-sided risk track in the subsequent agreement period	6
Demonstration of Financial Need	Points (max 2 pts.)
Needs statement demonstrates exceptional need for pre-paid shared savings	2
Total Points	20