



February 23, 2022

Re: CMS' Decision To Remove the ACO Transformation Track from the CHART Model

From: David Introcaso, Ph.D. VP, Regulatory Policy

CMS announced February 22, 2022 it was removing the Accountable Care Organizations (ACO) [Transformation Track](#) from CMMI's Community Health Access and Rural Transformation (CHART) demonstration. The demo was still in development. Last fall, CMS awarded cooperative agreement funding to four entities that would serve as lead organizations: the University of Alabama Birmingham, State of South Dakota Department of Social Services, Texas Health and Human Services Commission, and Washington State Healthcare Authority.

CMS gave no explicit reason for this decision other than to vaguely state, "CMS is developing an Agency-wide vision and strategy for accountable care, including opportunities to increase ACO adoption in rural areas."

CMS did admit it was "examining lessons learned" from CMMI's ACO Investment Model (AIM). The likely overriding lesson learned from AIM is that in its first three performance years the demo produced negative Medicare savings amounting to \$380 million. AIM "findings at a glance" are [here](#).

To speculate further, it is possible the four Transformation Track entities given upfront cooperative agreement funding were too few in number and/or they could not attract a sufficient number of demo participants, i.e., hospitals and others, to drive statistically reliable results.

CMS also stated the agency "expects to soon announce additional proposals to increase ACO development in rural areas." The provider community has been awaiting ACO rule making or sub-regulatory guidance for many months largely because CMS has been clear about noting the agency wants to both limit the total number of demonstrations and increase provider participation in pay for value models both comprehensive care and episode of bundled payment arrangements. While not advertised, CMS did contract last year with Harvard's Dr. J. Michael McWilliams to advise the agency on reforming the MSSP and ACO demonstrations and possibly other payment reforms including those to MACRA MIPS. Dr. Williams is one of the brightest mind on CMS payment reform. For example, his work is routinely cited by MedPAC.

However well-informed the decision, CMS is unavoidably left having to deal with providers knowing the agency is increasingly willing to both delay and cancel payment demonstrations.

If CMS is going to attempt to reform its flagship payment reform program and demonstration, ACOs, it will likely have to do so in the very near future - if CMS expects to make any headway under the current administration.