Why some providers are steering clear of CMS’ ACO LEAD model

Some providers are holding off applying for the Centers for Medicare and Medicaid Services new value-based care model — at least in its first year. (Adobe Stock/Modern Healthcare compilation)

By
Diane Eastabrook – Modern Healthcare

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Key Takeaways

- Some healthcare providers are scrapping or delaying plans to take part in the new ACO LEAD model.
- Providers said the tight application deadline and patient minimums made applying to LEAD a challenge.
- Some providers who opted not to apply directly for LEAD will take part through partnerships with participating ACOs.

Some providers are holding off on applying for the Centers for Medicare and Medicaid Services’ new and much-touted value-based care model — at least for the first year.

A narrow application window and a requirement that providers meet certain patient enrollment minimums are among the reasons providers cite for postponing or abandoning plans to take part in the Long-term Enhanced Accountable Care Organization Design model known as LEAD.

The 10-year voluntary, capitated accountable care organization model is set to begin Jan. 1 and and run through 2036. It succeeds ACO Realizing Equity, Access and Community Health, more commonly called ACO REACH, which sunsets at the end of December.

LEAD is aimed at increasing ACO participation among providers, reducing financial and administrative barriers and attracting more independent and rural providers. The early response from organizations indicates that achieving that goal might be a challenge.

The model combines high-risk and lower-risk patients into a single value-based care model. Providers don't have to choose between participating in a high-needs ACO or a standard ACO. LEAD also doesn't require providers to undergo annual rebasing, which resets financial benchmarks based on the provider's historical costs and spending.

There has been excitement about LEAD among the community of providers that participated in REACH. Ennoble Care and HarmonyCares provide home-based primary care to patients with chronic conditions across a dozen states. Each company estimates about 15,000 of their patients will qualify for LEAD.

"If our read is correct, this is going to be a promising opportunity for organizations that care for this really sick population," said HarmonyCares CEO Matt Chance.

Still, other providers that hoped to apply to LEAD are tabling those plans.

The short application deadline has proved to be one challenge. While the Trump administration announced LEAD in December, it didn't provide details about the model until March 31 and set a May 17 application deadline.

The short turnaround time was a major hurdle for Minneapolis-based Lifespark, which hired an advisory firm to help it explore LEAD. The company participated in the High Needs REACH ACO and the Medicare Shared Savings Program.
"There is just a voluminous amount of work and CMS gave us such a tight window to make an application," said Chief Operating Officer Matt Kinne.

Meeting the patient enrollment minimums is another challenge.

Lifespark owns 50 senior living communities in Minnesota and Wisconsin where it offers onsite geriatric primary care. It is the designated primary care provider for about 1,200 residents. More than half are covered by Medicare Advantage plans, making them ineligible for LEAD and as a result it would be difficult for Lifespark to meet a 600-patient minimum. The patient minimums vary by provider.

“For several years we’ve been so committed to our Medicare Advantage partners,” Kinne said. “Now, this is kind of an about-face for us. We’ve got a lot of MA participants in our value-based contracts and not as many in (fee-for-service) Medicare programs.”

Miami Jewish Health also decided against applying for LEAD due to the enrollment requirements. The nonprofit operates Programs of All-inclusive Care for the Elderly in South Florida. It also offers skilled nursing, kidney care and Alzheimer’s care to older adults.

Miami Jewish Health plans to explore other opportunities to work with CMS, said Steve Hess, the nonprofit’s executive vice president of PACE, in an email.

One possible option for providers that want to take part in LEAD, but don’t want to apply on their own, is partnering with an ACO that plans to participate. That is the strategy National Church Residences is pursuing.
The senior living operator offers in-home primary care to 190 senior living facilities in Ohio through its At Your Door business. It plans to participate in LEAD through a partnership with ACO Sound Long-Term Care Management, said Jacob Swint, vice president of enterprise, strategic growth and operations.

National Church Residences could apply to LEAD in the future when CMS reopens the model to new applicants. The agency said there will be future opportunities for providers to apply, although it has not provided a timeline.
“It goes without saying that this program is beneficial for the patients for delivering lower costs, better satisfaction and better outcomes,” Swint said.

Lifespark is weighing a similar plan. Partnering with an ACO could give the company time to determine if the model is a good fit and attract enough traditional Medicare members to take part in LEAD, Kinne said.

“The ACOs will have the necessary infrastructure built with the new LEAD model,” he said. “We can make that work short-term to kind of dip our toe in the pond before we jump all in with LEAD.”