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ACO Investment Model

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The ACO Investment Model is an initiative designed for organizations participating as accountable care organizations (ACOs) in the Medicare Shared Savings Program (Shared Savings Program). The ACO Investment Model is a model of pre-paid shared savings that builds on the experience with the Advance Payment Model. This model will test the use of pre-paid shared savings to encourage new ACOs to form in rural and underserved areas and to encourage current Medicare Shared Savings Program ACOs to transition to arrangements with greater financial risk.

Background

CMS is encouraging providers to participate in ACOs through the Medicare Shared Savings Program, which creates financial incentives for ACOs that lower growth in health care costs while meeting performance standards on quality of care and putting Medicare beneficiaries first. The ACO Investment Model was developed in response to stakeholder 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. CMS will provide financial support to these ACOs to make infrastructure investments and develop new ways to improve care for Medicare beneficiaries.

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Source: Centers for Medicare & Medicaid Services

[\(/initiatives/map/index.html#model=aco-investment-model\)](/initiatives/map/index.html#model=aco-investment-model)

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EXHIBIT W

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Participants

AIM consists of 45 participating ACOs ([List \(https://data.cms.gov/dataset/ACO-Investment-Model/dydb8-sivc\)](https://data.cms.gov/dataset/ACO-Investment-Model/dydb8-sivc)), including 2 existing ACOs previously selected and 43 ACOs selected for a 2016 start. Of the 43 ACOs selected for a 2016 start, 2 are 2014 Shared Savings Program starters, 5 are 2015 Shared Savings Program starters and 36 are 2016 Shared Savings Program starters. The 43 new AIM participants serve approximately 417,000 beneficiaries across 35 states.

► [Read more](#)

Number of Beneficiaries (new and existing ACOs): AIM participants serve a combined total of over 434,000 beneficiaries nationwide.

ACO Infrastructure (new ACOs): 27 ACOs report having a Critical Access Hospital (CAH) or Inpatient Prospective Payment System (IPPS) hospital with fewer than 100 beds as part of their ACO structure.

Geographic Coverage of AIM Participants (new and existing ACOs):

Rural Location (new ACOs only): The AIM encourages ACO development in rural and underserved areas. Of the 43 newly accepted participants, 35 have at least 65 percent of their delivery sites in rural areas, and 24 have 85 percent or more of their delivery sites in rural areas.

Quality of Care (existing ACOs only): Both of the existing ACOs met or exceeded the median quality performance rate compared to all ACOs on at least 70 percent of the most recent reported measures when they applied.

Financial Performance (existing ACOs only): Of the 2 existing ACOs, 1 ACO achieved their assigned financial benchmark in their first performance year.

Initiative Details

Participation in the ACO Investment Model is limited to two distinct groups:

New Shared Savings Program ACOs starting in 2015 and 2016 - The ACO Investment Model seeks to encourage uptake of coordinated, accountable care in rural geographies and areas where there has been little ACO activity, by offering pre-payment of shared savings in both upfront and ongoing per beneficiary per month payments.

ACOs that joined Shared Savings Program starting in 2012, 2013 and 2014 - The ACO Investment Model will help ACOs succeed in the shared savings program and encourage progression to higher levels of financial risk, ultimately improving care for beneficiaries and generating Medicare savings.

Under the ACO Investment Model, ACOs that began participating on January 1, 2015 or January 1, 2016 will receive three types of payments:

An upfront, fixed payment: Each ACO receives a fixed payment.

An upfront, variable payment: Each ACO receives a payment based on the number of its preliminarily prospectively-assigned beneficiaries.

A monthly payment of varying amount depending on the size of the ACO: Each ACO receives a monthly payment based on the number of its preliminarily prospectively-assigned beneficiaries.

The structure of these payments address both the fixed and variable costs associated with forming an ACO.

Under the ACO Investment Model, ACOs that began participating in the Medicare Shared Savings program on April 1, 2012 or July 1, 2012, January 1, 2013, or January 1, 2014 will receive two types of payments:

An upfront, variable payment: Each ACO receives a payment based on the number of its preliminarily prospectively-assigned beneficiaries.

A monthly payment of varying amount depending on the size of the ACO: Each ACO receives a monthly payment based on the number of its preliminarily prospectively-assigned beneficiaries.

Eligibility

In order to be eligible for the ACO Investment Model, an ACO must have met the following criteria:

The ACO must be accepted into and participate in the Shared Savings Program. The ACO's first performance period in the Medicare Shared Savings Program must have started in 2012, 2013, 2014, 2015 or 2016.

The ACO has completely and accurately reported quality measures to the Medicare Shared Savings Program in the most recent performance year, if the ACO started in the Medicare Shared Savings Program in 2012, 2013 or 2014, excluding ACOs starting in 2015 or 2016. The ACO has a preliminary prospective beneficiary assignment of 10,000 or fewer beneficiaries for the most recent quarter, as determined in accordance with the Shared Savings Program regulations. Unless an ACO that started in 2015 or will start in 2016 is determined to be from a rural area using the application selection criteria.

The ACO does not include a hospital as an ACO participant or an ACO provider/supplier (as defined by the Shared Savings Program regulations), unless the hospital is a critical access hospital (CAH) or inpatient prospective payment system (IPPS) hospital with 100 or fewer beds.

The ACO is not owned or operated in whole or in part by a health plan.

The ACO did not participate in the Advance Payment Model.

During the selection process, the ACO Investment Model targeted ACOs serving rural areas and areas of low ACO penetration and existing ACOs committed to moving to higher risk tracks. CMS also gave preference to ACOs that provide high quality of care, ACOs that achieved their financial benchmark, ACOs that demonstrate exceptional financial need, and those that submit compelling proposals for how they will invest both their own funds and CMS funds.

For questions regarding ACO Investment Model, please contact AIM@cms.hhs.gov (<mailto:AIM@cms.hhs.gov>).

Additional Information

[Press Release \(http://www.hhs.gov/about/news/2016/01/11/new-hospitals-and-health-care-providers-join-successful-cutting-edge-federal-initiative.html\)](http://www.hhs.gov/about/news/2016/01/11/new-hospitals-and-health-care-providers-join-successful-cutting-edge-federal-initiative.html)

[Fact Sheet \(https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-01-11-3.html\)](https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-01-11-3.html)

[Frequently Asked Questions \(PDF\) \(/Files/x/AIM-FAQs.pdf\)](#)

[Blog post \(http://blog.cms.gov/2015/06/25/affordable-care-act-initiative-supports-care-coordination-in-rural-areas/\)](http://blog.cms.gov/2015/06/25/affordable-care-act-initiative-supports-care-coordination-in-rural-areas/)

[Request for Applications \(PDF\) \(/Files/x/AIM-RFA.pdf\)](#)

[Open Door Forums: ACO Investment Model Application Question and Answer Sessions \(/resources/aim-odf.html\)](#)

An asterisk (*) indicates a required field.

WAS THIS PAGE HELPFUL? * Yes No

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Model Summary

Stage: Announced

Number of Participants: 45

Category: Accountable Care

Authority: Section 3021 of the Affordable Care Act

Milestones & Updates

Mar 09, 2016

Updated: Frequently asked questions posted

Jan 11, 2016

Announced: 41 ACO participants

Aug 07, 2015

Updated: Application open door forum slides posted

Jul 14, 2015

Announced: Application open door forums July 23

Where Health Care Innovation is Happening

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[Medicaid.gov \(http://Medicaid.gov\)](http://Medicaid.gov)

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