



Welcome to *Washington Update*, the weekly e-newsletter on the latest health care happenings in the nation's capital that affect APG's members.

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CMS Alters ACO REACH Model For 2025 After Evaluation Shows No Net Medicare Savings From Earlier Version

The Centers for Medicare & Medicaid Services' (CMS's) Innovation Center has issued [changes](#) to the ACO REACH model for 2025 following [findings](#) that the model's precursor achieved no net savings for Medicare (see [Washington Update, July 12, 2024](#)). The newly announced changes will put pressure on some APG member organizations participating in the model as CMS tightens its savings requirements on alternative payment models to extend the solvency of the Medicare hospital insurance [trust fund](#).

Modifications for ACO REACH participating organizations next year are aimed at improving the "sustainability" of the model, the Innovation Center said. These will include multiple changes in participating organizations' Medicare spending benchmarks that may effectively make it somewhat tougher for some to achieve net savings. Some changes, in fact, reverse previously announced policies that would have altered benchmarks in a more favorable direction for many participants.

Other modifications include a change in the stop-loss reinsurance program for the model, which allows participating organizations protection against unforeseen large claims. Under the change, insurance payouts made to participants will be adjusted so that they are budget neutral, and won't exceed the amounts that participants are charged.

Grim analysis: As reported earlier, the independent evaluation of the 2022 performance of the precursor Global and Professional Direct Contracting (GPDC) model released several weeks ago by CMS showed that it produced "significant increases in net spending" over comparable groups of traditional fee-for-service Medicare beneficiaries. Although participants did achieve important quality outcomes, including reductions in hospitalization, the model as a group didn't clear the Innovation Center's statutory bar: that its models demonstrate either quality improvements without increasing Medicare's costs, or net savings for Medicare without reducing quality. CMS and its Innovation Center has recently come under fire from [congressional Republicans](#) and other critics after various [reports](#) have shown scant savings from various alternative payment models.

APG is working with the Innovation Center to understand the full impact of the ACO REACH changes on participating organizations. APG members who participate in or are interested in ACO REACH should plan to attend APG's next ACO REACH coalition meeting on September 12, 2024, from 4:00-5:00pm ET to learn more about these changes. Register for the meeting [here](#).



New Mandatory Hospital Model For Key Surgical Procedures Will Also Require Referrals To Primary Care

APG successfully recommended to CMS that participating hospitals be required to refer patients to primary care services as part of a new mandatory model aimed at improving the quality and lowering the costs of key surgical procedures, including lower extremity joint replacement, surgical hip and femur fracture treatment, spinal fusion, coronary artery bypass graft, and major bowel procedures. The so-called [Transforming Episode Accountability Model \(TEAM\)](#) model, which the agency finalized this week, is designed to incentivize coordination among care providers during surgery and in the provision of post-surgical services for 30 days. It is set to begin in January 2026 and end in December 2030.

CMS selected the acute care hospitals in specific geographic markets that must participate in the model, and will also allow additional hospitals that participate through the end of the Bundled Payments for Care Improvement Advanced (BPCI-A) or Comprehensive Care for Joint Replacement (CCJR) models to opt into TEAM as well. Participating hospitals will continue to bill Medicare fee-for-service as usual, but will receive a target price to cover all costs associated with a 30-day episode of care. They will earn a payment from CMS, subject to a quality performance adjustment, if their spending is below the reconciliation target price, but will have to repay CMS net of a quality performance adjustment if their spending exceeds the target price.



In Case You Missed It

- CMS is delaying the announcement of Medicare Part D premiums for 2025 in hopes that the newly announced [Part D Premium Stabilization Program](#) will mitigate anticipated premium increases stemming from [provisions](#) of the Inflation Reduction Act. The agency anticipates that Part D plans will commit to the voluntary and experimental stabilization model by Monday, August 5, 2024.
- A new [report](#) conducted for AHIP shows that Medicare Advantage (MA) outperformed fee-for-service (FFS) Medicare in 9 out of 10 quality measures focused on preventive and chronic disease.
- A bipartisan voter survey undertaken on behalf of the [Better Medicare Alliance](#) found that three-quarters of adults 65 and older oppose cutting funding for Medicare Advantage – a view that cuts across party lines. An analysis of the survey results is [here](#).
- In one of the latest apparent health care-related cyberattacks, the health benefits administrator [HealthEquity](#), which describes itself as the “#1 Health Savings Account Administrator,” reported a [data breach](#) that may have exposed the protected health information and personally identifiable information of 4.3 million people.



APG Announcements And Offerings

- [REGISTRATION NOW OPEN!](#) - **APG's Annual Fall Conference 2024 will be held November 11 – 13 in Washington, DC.** This

year's theme is **Health Care Strong: Embracing Change and Thriving in Uncertain Times**. Register now for Super Early Bird savings!

- APG will host a **member-only focus group** to gather feedback on **CMS's Proposed Rule** for the 2025 Medicare Physician Fee Schedule on **Tuesday, August 13**, from **12:00-1:00 pm EDT**. Members can register [here](#).
- The next APG Hosted Webinar, "**Unlock Cost Savings Via A Proven And Scalable Dementia Care Program**," will take place on **Tuesday, August 13, 2:00-3:00 pm EDT**. The webinar will be presented by Ceresti Health. For more information, including the learning objectives and speakers, [click here](#). Members can register [here](#).
- Want to get more involved in APG's Federal advocacy efforts? [Join APG Advocates today](#).

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