

CMS (Centers for Medicare & Medicaid Services) Announces 123 New Accountable Care Organizations (ACOs); Doubles Down on Pioneer ACO Program

Article By:

Health Law Practice

[Accountable Care Organizations \(ACOs\)](#) continue to figure big in **CMS's** health care reform agenda. On December 20th, the agency's [Innovation Center](#) published a [Request for Information](#) (Pioneer RFI) seeking input on how to create the next generation of the Pioneer ACO program that began two years ago. And on December 23rd, CMS [announced](#) the new cohort of 123 ACOs in the [Medicare Shared Savings Program \(MSSP\)](#) that will begin their three-year participation term on January 1, 2014.

The new cohort of MSSP ACOs is the largest yet; the total number of MSSP ACO [participants](#) now exceeds 360. Some of you may recall that issues in the Pioneer ACO program that we previously [reported](#) on drove seven of the 32 Pioneer ACOs to leave the program or transition to the MSSP. Regardless, the release of the Pioneer RFI and the announcement of the new ACO cohort makes clear that CMS is not abandoning the ACO as a coordinated care vehicle to achieve its improved quality and lower cost goals for health care delivery to Medicare beneficiaries.

Indeed, the new Pioneer RFI signals an intent to expand the ACO program via the more flexible and autonomous authority granted to the Innovation Center through the [Affordable Care Act](#), rather than through the permanent MSSP that is currently being administered through normal rule-making processes.

The Pioneer RFI touches on issues currently not at play for any Medicare ACOs. For example, CMS's Innovation Center is seeking comments on whether [Part D, the Medicare drug coverage program](#), should be included as part of an ACO's total costs; whereas currently, drugs are not included mostly because of stakeholder concerns that reducing drug utilization could have harmful effects on patient health. The Pioneer RFI also explores the agency's consideration of the benefits and concerns of reducing payments to Durable Medical Equipment suppliers who sell their products to beneficiaries receiving care from Pioneer ACOs.

Also, in acknowledgement of some of the most experienced integrated health care systems in the country that are not currently participating in any ACO program, the Innovation Center requested comments on how it could set up a Medicare Advantage-like capitated payment mechanism within the Pioneer ACO Program. The agency's apparent willingness to consider more health care services

and supplies for both the Medicare and Medicaid population in assessing an ACO's total cost savings opportunity is, if anything, a doubling down on the bet that ACOs are the most promising vehicle to move payments away from a fee-for-service model and towards more population-based health management.

Responses to the Pioneer RFI will be due by March 1, 2014, and applications for the next cohort of MSSP ACOs will be due in summer 2014.

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