

# Special Bulletin

February 25, 2022

## CMMI Announces Transition of Direct Contracting Model into new ACO REACH Model

The Center for Medicare & Medicaid Innovation (CMMI) Feb. 24 [announced](#) a redesign of the [Global and Professional Direct Contracting Model](#) (GPDC), which launched last year and was supposed to continue through 2026. Instead, CMMI will terminate the GPDC model on Dec. 31, 2022. The agency then will launch the newly developed Accountable Care Organization (ACO) Realizing Equity, Access, and Community Health (REACH) Model on Jan. 1, 2023.<sup>1</sup> This ACO REACH model will run for four years, through Dec. 31, 2026. CMMI also released a [Request for Applications](#) for organizations interested in joining the ACO REACH model that will be open from March 7, 2022 through April 22, 2022. In conjunction with yesterday's announcement, CMMI also announced its official cancelation of the [Geographic Direct Contracting Model](#).

**AHA Take:** The AHA appreciates CMMI's efforts to expand the reach of accountable care to historically marginalized communities by including thoughtful model elements specifically targeted to improving health equity. We will continue to evaluate other important details of the model.

### HIGHLIGHTS OF THE ACO REACH MODEL

CMMI states that it developed the ACO REACH model to advance health equity and respond to stakeholder feedback and concern surrounding the GPDC model. The ACO REACH model will retain several features of the GPDC model, including the Professional and Global model options that differ based on degree of risk sharing and type of capitated payment. CMMI also retained the three types of participants from the GPDC model: Standard, New Entrant and High Needs Population participants (called Direct Contracting Entities, or DCEs, in the GPDC model and REACH ACOs in the new model).

However, the ACO REACH model has several features that differ from the GPDC model, including:

- Requiring participating providers to hold at least 75% of the REACH ACO's governing board voting rights, up from 25% in the GPDC model;

---

<sup>1</sup> Current GPDC participants must agree to meet all the ACO REACH requirements by January 1, 2023 in order to continue on and participate in the ACO REACH Model.

- Scoring REACH ACO applicants on new criteria, including a demonstrated track record of direct patient care, a demonstrated record of serving historically underserved communities with positive quality outcomes and the degree of program integrity risks posed by REACH ACO ownership/parent companies;
- Reducing the discount rate for Global participants from a maximum of 5% to a maximum of 3.5% (there is no discount for Professional participants);
- Reducing the quality withhold for Professional and Global participants from 5% to 2%;
- Implementing changes to the model risk adjustment methodology to mitigate potential inappropriate risk score gains; and
- Implementing significant additional monitoring and compliance efforts and analytics, including an annual assessment of whether beneficiaries are being shifted into and out of Medicare Advantage.

In addition, the ACO REACH model will feature several elements designed to promote health equity for traditional Medicare beneficiaries. Specifically, all REACH ACOs will be required to develop a Health Equity Plan that must include identification of health disparities and specific actions intended to mitigate those disparities. The model also will: include a health equity benchmark adjustment; require participants to collect beneficiary-reported demographic and social needs data; and provide new benefit enhancements to increase the range of services that may be ordered by nurse practitioners to improve access to care.

The ACO REACH model is an outgrowth of CMMI's [strategy refresh process](#) in which the agency identified a need for better and more coordinated care for all beneficiaries. CMMI intends the ACO REACH model to contribute to this goal by advancing equity and bringing accountable care to underserved communities, increasing provider leadership and governance, and protecting beneficiaries with more vetting and monitoring of participants and greater transparency from CMMI. In the strategic refresh, CMMI also pledged to be more transparent; to that end, the agency also released participant-level [data](#) on the DCEs currently participating in the GPDC model.

### **Further Questions**

If you have questions, please contact AHA at 800-424-4301.