

# Summary: AHEAD Model and Updates to ACO REACH

Reading Time: 15 – 20 Minutes

## States Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model

On September 5, the Centers for Medicare and Medicaid Services Innovation Center (CMMI) announced the AHEAD model – a voluntary, state total cost of care (TCOC) demonstration that will be tested over 11 years. A full model summary is available [here](#).

### Overview

CMS will provide funding via cooperative agreement to selected states for up to 6 years to support model participation and a maximum of \$12 million may be awarded to each participating state. Funding will be disbursed in an initial award and then in subsequent annual continuation awards over the course of up to 6 years (i.e., through PY4 for Cohort 1; through PY3 for Cohort 2; through PY4 for Cohort 3).

CMMI has distinguished 3 cohorts for state participation:

**Cohort 1:** Targets states that are **ready for immediate AHEAD application and rollout**. The first of nine (9) performance years starts January 2026. An 18-month pre-implementation period kicks off in July 2024.

**Cohort 2:** States that are **ready to apply to AHEAD but need additional preparation time** for model implementation can apply to Cohort 2. States may undertake activities such as developing necessary Medicaid components, recruiting health care providers for participation, and expanding and shoring up data infrastructure to prepare for implementation. A 30-month pre-implementation period would begin July 2024 and the first performance year would begin January 2027, with eight (8) total performance years.

**Cohort 3:** Suited for states that **need extra time to apply to AHEAD**. The 24-month pre-implementation period would begin January 2025 and the first performance year would begin January 2027, with a total of eight (8) performance years.

Participating states from each cohort will commence performance year evaluation in different years and for different periods of time. The model will conclude for all cohorts in **December 2034**. CMS is expected to release the Notice of Funding Opportunity (NOFO) late fall 2023 and the application period is expected to commence spring 2024. The below timeline reflects CMMI’s expectations for model pre-implementation and performance years for each cohort.

		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Model Year		MY1	MY2	MY3	MY4	MY5	MY6	MY7	MY8	MY9	MY10	MY11
1st NOFO Period	Cohort 1	NOFO	Pre-Implementation (18 mos)		PY1	PY2	PY3	PY4	PY5	PY6	PY7	PY8	PY9
	Cohort 2		Pre-Implementation (30 mos)			PY1	PY2	PY3	PY4	PY5	PY6	PY7	PY8
2nd NOFO Period	Cohort 3	NOFO	Pre-Implementation (24 mos)		PY1	PY2	PY3	PY4	PY5	PY6	PY7	PY8	

## Who Can Participate?

### States

States have the option to apply for either statewide or sub-state region participation in the AHEAD model. As central players in the initiative, states will collaborate closely with CMS for effective implementation. They will be held accountable for meeting predefined targets that are aligned with model goals across Medicare FFS and other payer channels. State Medicaid agencies will coordinate with CMS on hospital global budgets and primary care transformation. States will also be tasked with fulfilling statewide targets for quality and equity.

### Hospitals

AHEAD will offer participating hospitals located in participating states and sub-state regions annual Medicare FFS global budgets that will be set prospectively. The budgets are intended to cover inpatient and outpatient services for participating hospitals. Hospitals will be required to meet performance measures for quality and health equity.

### Primary Care Practices

Per CMMI, participation from primary care practices will be vital to the AHEAD Model's success. Primary care practices participating in the model will be required to engage in state-led Medicaid transformation efforts and the aligned Medicare Primary Care AHEAD program. Participating practices will receive a Medicare care management fee to meet care transformation requirements for person-centered care. Primary care practices will be responsible for reaching performance goals on model quality measures.

### Health Equity Goals

A key feature of AHEAD is the model's health equity components, including the following:

- States will be required to establish a **model governance structure** to guide implementation of the model by convening individuals and organizations with a wide range of perspectives to inform model activities and build partnerships between the state, providers, payers, and the community to support model goals.
- All participating states will be required to develop a **Statewide Health Equity Plan** to define and guide Model activities aimed at reducing disparities and improving population health.
- Participating hospitals will also be required to create **hospital health equity plans** that align with statewide priorities and activities.

### The goals of AHEAD are to:

- To drive state and regional health care transformation and multi-payer alignment
- Improve the total health of a state population and lower costs

Under the model, a participating state would use its authority to assume responsibility for managing care quality and costs across all payers – including Medicare, Medicaid, and private insurers.

### The model consists of (3) primary components:

- **Cooperative Agreement Funding:** To support initial investments for states to begin planning activities during the model's pre-implementation period and the initial performance years of the model.
- **Hospital Global Budgets:** Global budgets provide hospitals with a fixed amount of revenue for the upcoming year for a specific patient population or program, such as Medicare fee-for-service beneficiaries. Increased investments in primary care under the model can be offset over time by statewide savings generated by hospital global budgets.
- **Primary Care AHEAD:** Primary care practices located in a participating state or sub-state region will have the option to participate in Primary Care AHEAD, which will align with ongoing Medicaid transformation efforts within each participating state and aims to increase Medicare investment in primary care.

## Health Equity Goals Cont.

- Payment methodology for hospital global budgets and Primary Care AHEAD will include adjustments for social risk. Hospitals will also be eligible to earn a **bonus for improved performance on disparity-focused measures**.
- Participating hospitals and primary care practices will **increase demographic data collection** and **health-related social needs screening** to connect beneficiaries to community resources and address social needs.
- Primary care practices participating in the Primary Care AHEAD program will be required to engage in state Medicaid transformation efforts, meet care transformation requirements for person-centered care, and reach performance goals on quality measures. FQHCs, RHCs, and other safety net providers will also be eligible for participation, as further described in the NOFO.

**CMMI and CMS have prioritized health equity under the direction of the Biden-Harris Administration and the AHEAD model demonstrates how the agency hopes to achieve this goal.** The 10+ year time horizon in the AHEAD model is unique among CMMI demonstrations and reflects stakeholder feedback that typical model performance periods are too short to recognize meaningful outcomes. Social needs assessments, equity-tied measurements of quality, and social needs reporting requirements are now being included across several CMS programs and initiatives, including in annual payment rules. While equity-tied measures and initiatives have remained largely undescribed by CMS – leaving stakeholders to interpret and develop health equity plans that meet their needs – this may change in the future. Leading Health Systems should be prepared for increased specificity in measures and reporting in future rules and guidance from agencies as CMS and the Department of Health and Human Services continue to refine their approach to achieving health equity.

## Updates to the Accountable Care Organization (ACO) Realizing Equity, Access, and Community Health (REACH) Model

In August, CMS announced changes to the [ACO REACH model](#) in response to stakeholder feedback. These changes are set to take effect starting performance year 2024 (PY2024) and are expected to improve the model across the below 3 domains. An full explanation of the changes can be found [here](#).

### *Increasing Predictability for Model Participations*

- ✓ Reduced escalation of beneficiary alignment minimums for New Entrant ACOs and High Needs Population ACOs
- ✓ 10% buffer on alignment minimums for all ACO types to account for population fluctuations
- ✓ Refinement to eligibility criteria for alignment to High Needs Population ACO
- ✓ Modification of Financial Guarantee Policy
- ✓ Update to Provisional Settlement
- ✓ Application of symmetric risk corridors to Retrospective Trend Adjustment (RTA)

### *Advancing Health Equity*

- ✓ Revisions to composite measure utilized for the Health Equity Benchmark Adjustment (HEBA)
- ✓ Expanded access to the HEBA
- ✓ Addition of pulmonary rehabilitation to Nurse Practitioner (NP) and Physician Assistant (PA) Services Benefit Enhancement (BE)

### *Protecting Against Inappropriate Risk Score*

- ✓ Revisions to risk adjustment methodology