Adjustments to Modified USPCC Annualized Growth Rates and ACPT

CMS identified that annualized growth rates for agreement periods starting in 2024 and 2025 were understated for the Aged/Disabled population of the Modified United States Per Capita Cost (USPCC) Annualized Growth Rates. The understatement was caused by not fully removing Indirect Medical Education (IME) and Graduate Medical Education (GME) expenditures for beneficiaries enrolled in Medicare Advantage when calculating projected annualized growth rates.

CMS has recalculated the Modified USPCC Annualized Growth Rates to correctly remove these expenditures. After the recalculation, the Modified USPCC Annualized Growth Rates for the Aged/Disabled population increased for PY1, PY2, and PY3 for ACOs with agreement periods starting January 1, 2024, and increased for PY1 and PY2 for ACOs with agreement periods starting January 1, 2025.

Table 2: Comparison of old and revised projected Modified USPCC Annualized Growth Rates for the Aged/Disabled population for ACOs with agreement periods starting January 1, 2025

Modified USPCC Annualized Growth Rate	PY1	PY2	PY3	PY4	PY5
Old Projected Modified USPCC Annualized Growth Rate	5.1%	4.3%	6.0%	5.0%	6.1%
New Projected Modified USPCC Annualized Growth Rate	5.6%	5.7%	6.0%	5.0%	6.1%
Difference	0.5%	1.4%	0.0%	0.0%	0.0%

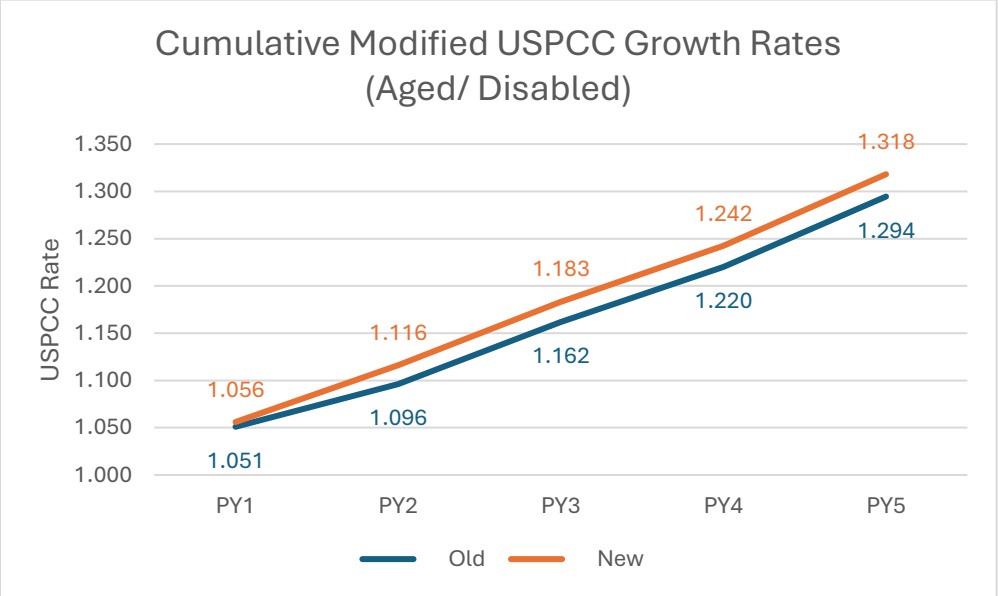
The Modified USPCC Annualized Growth Rates for 2025 (PY1) and 2026 (PY2) increased the ACPT value used in the Benchmark Calculator, and thus, increased the Benchmark Expenditure for both performance years.

In accordance with 42 CFR § 425.652(a)(9), benchmarks that have already been delivered to ACOs (PY 2025 Final Historical Benchmark Reports and PY 2026 Adjusted and Preliminary Historical Benchmark Reports) will be adjusted for changes in prior savings because of the issuance of the revised initial determination for PY 2024, if applicable. CMS plans to include these updates to historical benchmarks in the final historical benchmark reports expected to be released in late Fall 2026.

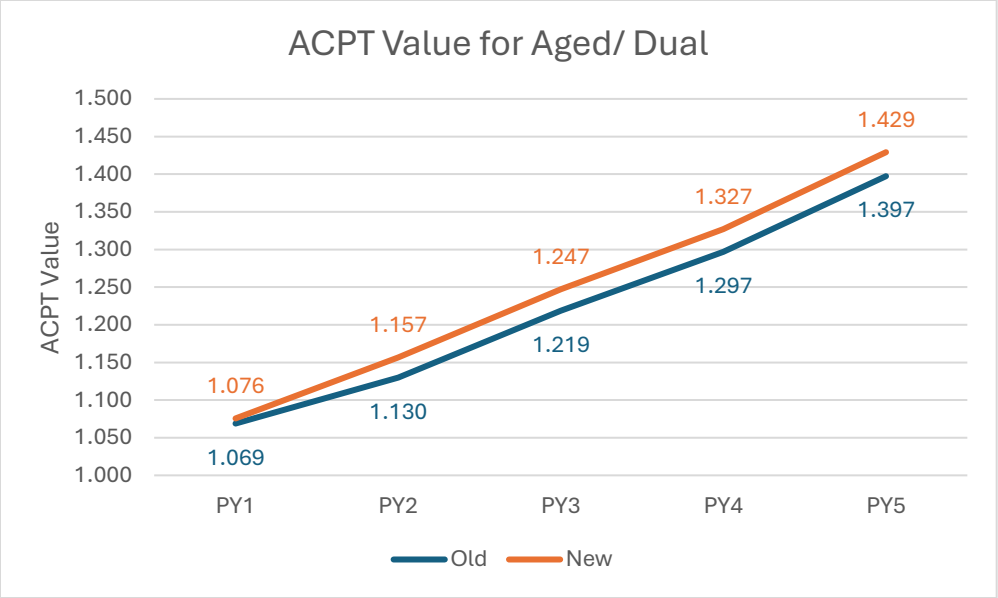
The Modified USPCC Annualized Growth Rates had not changed for 2027 (PY3), 2028 (PY4), and 2029 (PY5), but due to the cumulative effect of the benchmark calculation, the changes in PY1 and PY2 have led to the increase of ACPT in subsequent years as well.

[A] Modified USPCC Annualized Growth Rates (Age/ Disabled)	PY1	PY2	PY3	PY4	PY5
Old	1.051	1.043	1.060	1.050	1.061
New	1.056	1.057	1.060	1.050	1.061
[B] Cumulative Modified USPCC Growth Rates (Age/ Disabled)					
Old	1.051	1.096	1.162	1.220	1.294
New	1.056	1.116	1.183	1.242	1.318

ACPT Value	PY1	PY2	PY3	PY4	PY5
Old					
Disabled	1.049	1.093	1.156	1.212	1.284
Aged/dual	1.069	1.130	1.219	1.297	1.397
Aged/non-dual	1.052	1.098	1.165	1.224	1.300
New					
Disabled	1.054	1.113	1.178	1.236	1.309
Aged/dual	1.076	1.157	1.247	1.327	1.429
Aged/non-dual	1.057	1.118	1.186	1.246	1.323



*Overall modifications for Disabled, Aged/ Dual, and Aged/ Non-Dual groups



*Similar trend of increasing ACPT value can also be seen for Disabled and Age/ Non-Dual groups

Overall, the recalculated Modified USPCC Annualized Growth Rates have a favorable financial impact on the ACO. The higher ACPT values increase benchmark expenditures for 2025 and future performance years, providing the ACO with a greater opportunity to generate shared savings if current expenditure levels are maintained or further reduced.

While the adjustment improves the ACO's projected financial position, final shared savings will continue to depend on actual expenditures, beneficiary population changes, quality performance, and additional benchmark adjustments made by CMS.