

CMS announces Policy Changes and Updates for the CKCC Model - Any KCE PY 2024 Risk Option selections must be submitted by April 30, 2024

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We encourage all CKCC Model participants to review these updates carefully and take necessary actions to ensure compliance with the deadlines for KCE CKCC Model Performance Year 2024 Risk Option selections. Participants in the CKCC Global Risk Sharing Option wishing to revert to the Professional Risk Sharing Option for PY 2024 must submit their PY 2024 Risk Option selections by April 30, 2024, through the Model Helpdesk at KCF-CKCC-CMMI@cms.hhs.gov.

On April 16, 2024, CMS announced significant policy changes and updates pertinent to the Comprehensive Kidney Care Contracting (CKCC) model, including policy changes to address the effect of the Retrospective Trend Adjustment (RTA) on the model and associated program modifications.

The RTA is a mechanism within the CKCC model and other value based care healthcare payment models used to adjust benchmarks based on actual healthcare expenditures compared to predicted costs. The CKCC Model is intended to reward nephrology practices and nephrologists who invest in delivering care to their patients proactively by shifting from a fee-for-service reimbursement mechanism to a value-based structure where nephrologists capture savings from lowering medical spending while improving quality.

The RTA compares the projected cost of care for a given population with the actual cost incurred during a specific performance period. If healthcare expenditures are lower or higher than forecasted, the RTA adjusts the benchmark retrospectively, ensuring that benchmarks accurately reflect current market conditions and provide fair incentives for participants in value-based care programs. It is designed to mitigate the government's and provider's risk of benchmarks being set too high or too low.

In the context of the CKCC model, the RTA directly influences nephrologists' and their partners' financial outcomes and overall success within the program, because the participating kidney contracting entities' ("KCE's") budgets for performance years were set more than a year before any applicable RTA, based on their population's benchmark cost of care at the time the budgets were established.

Policy Changes:

1. Narrower Risk Corridors to RTA:

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KCEs are now responsible for absorbing the first 3% of any RTA adjustment.

- ☐ KCE's responsibility decreases incrementally for adjustments between 3% and 6%, with the CMS shouldering 50% of the adjustment.
- ☐ The exposure for KCEs shared losses in a performance year are capped at 4.5%.

- To address stakeholder concerns and ensure financial stability, CMS has implemented narrower risk corridors to the RTA.
- As described in the table below, the key details include:

RTA Risk Corridor (+/_ Prospective Trend Factor)	Portion of RTA in the Corridor Accruing to the KCE	Portion of RTA in Corridor Accruing to CMS
Greater than 6%	0%	100%
3% to 6%	50%	50%
0% to 3%	100%	0%
0% to -3%	100%	0%
-3% to -6%	50%	50%
Less than -6%	0%	100%

2. Option Flexibility for KCEs in 2024:

In response to evolving market dynamics, KCEs will be permitted to switch from the Global to the Professional option for the 2024 period, an option that was not available prior to the change. Historically, KCEs could only move from a lower risk option to a higher risk option at the start of each performance year, but would not be able to move to a lower risk option from a higher risk option. For instance, a KCE that is in the Professional Option in its second performance year could move to the Global Option for its third performance year, but not vice versa. This change allows KCEs that project a shared loss in the Performance Year 2024 based on the new RTA adjustments to mitigate its losses and share any potential savings or losses with CMS.

Notable features of this option include:

- Savings and losses shared equally (50/50) with CMS.

- No discount applied to the ESRD benchmark.
- This option change is exclusive to 2024, with the opportunity to revert to the Global option in subsequent years.
- The deadline for PY 2024 Risk Option selections is **April 30, 2024**, by submitting their Risk Option selection through the Model Helpdesk at KCF-CKCC-CMMI@cms.hhs.gov. CMS also set the same deadline for the Revised PY 2024 Termination Without Liability Date for both PY 2022 and PY 2023 starters who signed the amendment. Accordingly, KCE that project significant losses in the Performance Year 2024 based on the new RTA will have the option to terminate their participation in the program altogether this coming Monday.

3. Policy Update regarding Core Based Statistical Areas (CBSA):

CMS has confirmed a policy change regarding CBSAs to address existing challenges faced by KCEs located in Alaska, Hawaii, and Puerto Rico. The current policy required all the KCE's participating nephrologists and nephrology practices to have a main practice location that is physically located in, among other possibilities, a geographic area that contains a maximum of five CBSAs, but only if the CBSAs are from contiguous states if located in more than one state.

For Performance Year 2025, the updated policy will allow the following flexibilities:

- KCEs from any CBSAs in Washington can include KCE Nephrology Professionals located in Alaska and vice versa, for KCE located in the state, the current rules still apply,
- KCEs from California can include KCE Nephrology Professionals located in Hawaii and vice versa, for KCE located in the state, the current rules still apply, and
- KCEs from Florida can include KCE Nephrology Professionals located in Puerto Rico and vice versa, for KCE located in the state, the current rules still apply.
- Proposed updates for PY 2025 aim to facilitate aggregation among KCEs in these specific geographic regions.

4. Additional Information:

- Please note that these policy changes apply to the CKCC model from 2024 onwards.
- Further details from CMS, including the actual RTAs for the CKCC Model are expected by the end of April 2024.
- CMS announced that they will be sending projected RTA adjustments to KCE prior to this deadline, with the projections being based on the ACO REACH Model reference populations in respective market areas.

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team monitors developments in this area of the law and may provide additional updates as they become available. Please contact the authors of this article for additional information or if you have any questions.

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