



Understanding the AHEAD Program

May 20, 2025



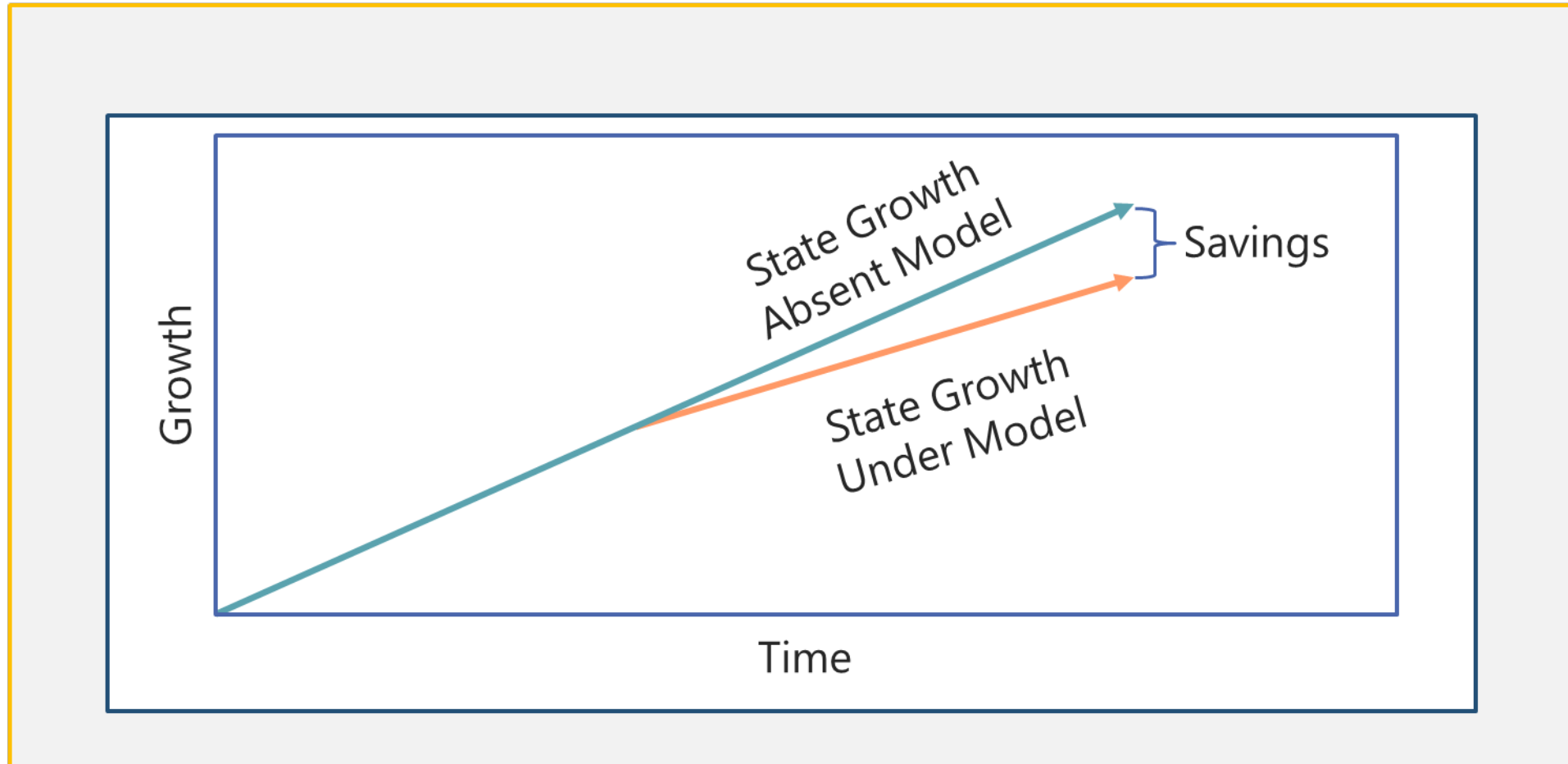
Disclosures

- Rhode Island has confirmed that the AHEAD program will be continuing under new leadership at the Center for Medicare and Medicaid Innovation (CMMI).
- We have been told that the key financial terms of the January 2025 State Agreement will be honored. These include the enhanced primary care payments and hospital incentive payments from Medicare and negotiated total cost of care savings targets for Medicare.
- CMMI has indicated a desire to add additional programmatic/policy requirements. These will be negotiated with states through the summer and early fall of 2025.
- The State Agreement allows the State to withdraw from the program with 30-days prior notice up to December 2026.

States Achieving Healthcare Efficiency through Accountable Design (AHEAD) Model

- **September 5, 2023:** CMS Center for Medicare & Medicaid Innovation (CMMI) announced new model – “States Achieving Healthcare Efficiency through Accountable Design” (AHEAD)
- **November 16, 2023:** CMMI released the Notice of Funding Opportunity (NOFO) (application guidelines) for the AHEAD Model
- **August 12, 2024:** RI applied to the model as a “Cohort 3” participant
- **October 28, 2024:** RI received CMS Notice of Award effective January 1, 2025
- **January 16, 2025:** Rhode Island executed a State Agreement with CMMI, becoming the second state to do so

The AHEAD Model was developed in alignment with affordability and cost growth containment efforts underway in states across the nation. Participating states or sub-state regions will be held accountable for a Medicare FFS cost growth target representing expenditures for Medicare Part A and B residents in the participating state or sub-state region during the Model's Performance Period.



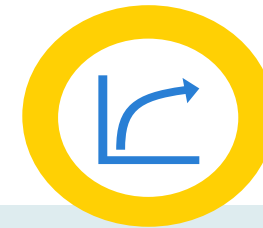
Model At-A-Glance (1 of 2)

As part of the goals impacting all state residents, states will work with CMS to set All-Payer Primary Care Investment and All-Payer TCOC Targets for the model, which will be included in the State Agreement.



All-Payer Primary Care Investment Targets

- ✓ Require All-Payer Primary Care Investment Target memorialized in Executive Order or legislation by the first performance year
- ✓ Build on existing state progress for all-payer cost growth targets
- ✓ Can be informed by Medicare FFS methodology



All-Payer TCOC Targets

- ✓ Require all-payer TCOC target to be memorialized in Executive Order or legislation by the first performance year
- ✓ Builds on existing all-payer cost growth efforts in states with existing targets
- ✓ Will not penalize states for increased Medicaid beneficiary coverage or access to preventive, primary, or behavioral health care services.

Model At-A-Glance (2 of 2)

There are three Model components to assist states in meeting accountability targets.

- **Cooperative Agreement Funding:** Funding provided by CMS 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:** Provide hospitals with a pre-determined, fixed annual budget for a specific patient population or program to encourage hospitals to eliminate avoidable hospitalizations and improve care coordination between hospitals, primary care providers, and specialists.
- **Primary Care AHEAD:** Eligible primary care practices can participate in Primary Care AHEAD, the primary care program component of the model. Primary Care AHEAD will align with ongoing Medicaid transformation efforts within each participating state and aims to increase Medicare investment in primary care.

Application & Implementation Timeline

		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

Source: CMS AHEAD Model Website

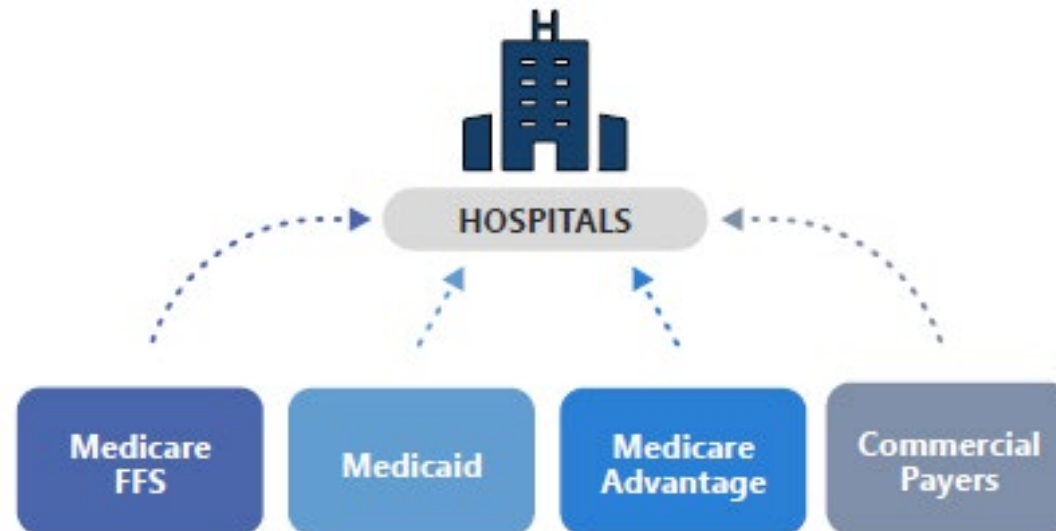
Rhode Island was chosen as a “Cohort 3” participant. 2025 and 2026 will be preparation years and the first “performance year” (PY) for Cohort 3 begins January 1, 2027.

AHEAD Hospital Global Budget Overview

**RHODE
ISLAND**

What are Hospital Global Budgets?

Hospital global budgets are **fixed annual payments** to hospitals, determined in advance based on past payments, with adjustments for factors like inflation, changes in people served, and changes in services provided.



Participating hospitals will receive separate global payments for each payer that joins. To start, the payments will cover hospital inpatient and outpatient services.

The AHEAD Model aims to rebalance health care spending across the system, shifting utilization from acute care settings to primary care and community-based settings.

WHAT IS A HOSPITAL GLOBAL BUDGET?

When hospitals receive a pre-determined, fixed annual budget. These budgets are for a specific patient population or program, such as Medicare FFS beneficiaries. As it is used by the CMS Innovation Center, global budgets are calculated based on a review of Medicare and Medicaid payments in previous years, with adjustments to account for inflation and changes in populations served and services provided.

([CMMI Total Cost of Care and Hospital Global Budgets](#), 2023)

Incentives for Hospital Participation



Initial investment to support transformation in early years of the model



Increased financial stability and predictability



Ability to share in savings from reduced potentially avoidable utilization and more efficient care delivery



Opportunity to earn upside dollars for improving health equity and quality while contributing to population health in their community



Potential use of waivers to support care delivery transformation



Opportunity to participate in system learning opportunities when moving to a population-based payment

Payer Participation in Global Budgets

Medicare Fee For Service

- RI will use the standard, CMS-designed methodology.
- RI will be required to have a certain percentage of revenue for traditional Medicare under global budgets by Performance Years 1 and 3. (10% for PY1 and 30% for PY4)

Medicaid

- RI will be required to implement an aligned Medicaid Hospital Global Budget (HGB) payment by the end of PY1.
- EOHHS will be responsible for developing its own HGB methodology with alignment principles outlined by CMS. CMMI will provide TA.

Medicare Advantage / Commercial Insurers

- Participation is voluntary; however, states must recruit at least one payer to participate in HGBs by PY2.
- Commercial HGB methodologies will be aligned with principles outlined by CMS.

Hospital Transformation Incentive Payment

In the 2023 NOFO CMS offered a two-year Transformation Incentive Adjustment of 1%.

The State negotiated an agreement on the Hospital Transformation Incentive Adjustment for hospitals that participate in 2027 and 2028, which corresponds to different levels of hospital participation:

- 6% for 10-19% hospital participation
- 8% for 20-39% hospital participation
- 10% for 40-50% participation

Note: “Hospital participation” is defined as the percentage of Medicare hospital inpatient and outpatient facility revenue that is under a hospital global budget.

Primary Care AHEAD Overview

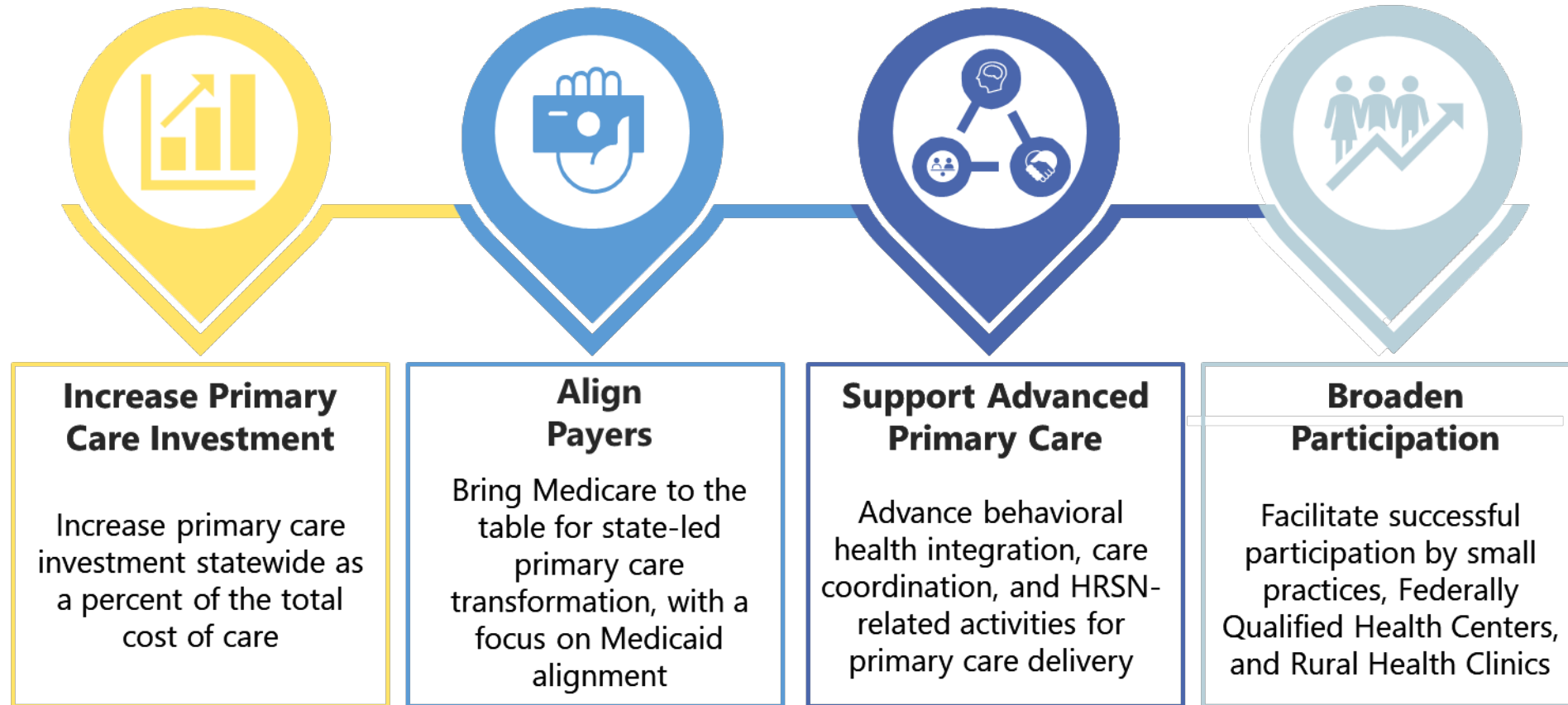
How would AHEAD help Primary Care?

Primary Care AHEAD has the following important components:

- **Medicare Enhanced Primary Care Payment** to fund advanced care management and behavioral health integration activities. Primary care practices will get a new payment from CMS for their traditional Medicare patients.
- **Care Transformation Requirements** for primary care practices, including integration of behavioral health, improved coordination of services, addressing health related social needs of patients.
- **Alignment with Medicaid Primary Care Programs.** CMS wants to align with states' Medicaid primary care programs and quality priorities.

As presented earlier, RI will also have to show that the *percentage of health care spending devoted to primary care is increasing*, both for traditional Medicare and across all payers.

Primary Care AHEAD is flexible to align with each state's Medicaid primary care goals and will bring Medicare to the table for increased investment and care transformation initiatives.



CMMI has committed to introducing primary care tracks with additional risk/capitation in the future. Any future Primary Care AHEAD tracks will align with these program goals.

Primary Care AHEAD Payments

In the 2023 NOFO CMS offered an average \$17/per member per month Medicare payment.

The State negotiated an average \$21/per member per month Medicare payment for Primary Care Practices, to be paid quarterly, and adjusted for inflation from 2028 – 2034.

- Private primary care practices and FQHCs are eligible
- For practices owned by hospitals, only primary care practitioners working for hospitals that participate in the model will be eligible
- The State will need to develop a Medicaid primary care alternative payment model and care transformation requirements

Disclosures

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