ACO REACH Updates

March 31, 2026

2025 Significant, Anomalous, and Highly Suspect (SAHS) billing and Skin Substitute billing in the ACO REACH Model and the Medicare Shared Savings Program

Significant, Anomalous, and Highly Suspect Billing Activity

For the Medicare Shared Savings Program (Shared Savings Program), CMS has determined that for calendar year (CY) 2025, six Healthcare Common Procedure Coding System (HCPCS) codes related to urinary catheters, alginate dressings, and orthotics meet the definition of Significant, Anomalous, and Highly Suspect (SAHS) billing activity (as established in the CY 2025 Medicare Physician Fee Schedule (PFS) final rule (89 FR 97710, 98191-98202)).

In accordance with 42 CFR § 425.672, CMS will exclude all Parts A and B payment amounts on claim types 72 and 82 associated with HCPCS codes A4352, A4353, A6197, L0486, L1852, and L3916 with dates of service in CY 2025 from the following calculations:

- Calculation of Medicare Parts A and B fee-for-service (FFS) expenditures for an ACO's assigned beneficiaries for setting the ACO's historical benchmark and determining performance year expenditures;
- Calculation of FFS expenditures for assignable beneficiaries as used in determining county-level FFS expenditures and national Medicare FFS expenditures; and
- Calculation of Medicare Parts A and B FFS revenue of ACO participants for purposes of calculating the ACO's loss recoupment limit under the BASIC track, identifying whether an ACO is a high or low revenue ACO, eligibility to receive advance investment payments, determining whether an ACO qualifies for a shared savings payment under § 425.605(h), and calculation or recalculation of the amount of an ACO's repayment mechanism.

Shared Savings Program ACOs will see SAHS billing activity excluded from financial calculations in reports, starting with the release of Historical Benchmark Report Packages, which will be released in July.

SAHS in the ACO REACH Model

CMS's SAHS determination for the above-referenced HCPCS codes also applies to ACO REACH pursuant to Appendix B, Sections I.D.4, II.C.3, II.D.3, III.C.3 and III.D.3 of the ACO REACH Model Participation Agreement (Agreement). Accordingly, CMS will also mitigate the impact of SAHS billing activity in Performance Year (PY) 2025. The HCPCS codes listed above will be excluded from PY 2025 expenditures, and CMS will recalculate stop loss and the retrospective trend adjustment (RTA). CMS will also exclude the six HCPCS codes from historical benchmark years for PY 2025.

Skin Substitute Billing Activity in the Shared Savings Program

CMS continues to review and monitor claims for skin substitute products. For PY 2025, CMS found the spike in skin substitute billing in 2025 can largely be explained by the CMS payment methodology under which these claims were submitted and paid. Based on our evaluation, CMS has determined that skin substitutes do not meet the criteria for SAHS billing activity for the Shared Savings Program in PY 2025.

To gauge the impact that skin substitute products had on ACO performance, we estimated shared savings calculations with skin substitute expenditures included and excluded from performance year ACO, national and regional truncated expenditures for CY 2025. Estimates show that ACOs in the Shared Saving Program have less than 2% of their total expenditures attributed to skin substitute expenditures compared to more than 3% present in the national assignable population. As a result of skin substitute expenditures increasing national assignable trends at a greater rate than ACO expenditures as a whole, we estimate that the vast majority of ACOs (over 90%) will perform the same or better with skin substitute expenditures included in financial calculations. The remaining ACOs would see a small reduction in shared savings payments or a small increase in shared losses. Further, we estimate that the Shared Savings Program truncation policy, which caps an assigned beneficiary's annualized expenditures at the 99th percentile of national Medicare FFS per capita expenditures for assignable beneficiaries, will remove over 65% of skin substitute expenditures for ACOs in PY 2025.

Shared Savings Program ACOs generally appear to have performed the same or better with skin substitute expenditures included. This is a result of the average ACO total expenditures having markedly lower skin substitute expenditures as compared to the national assignable population; the existing retrospective national and regional trend methodology including skin substitute expenditures which, all else equal, increases historical benchmarks; and truncation adjustments that helped substantially mitigate outlier skin substitute expenditures in PY 2025.

A Shared Savings Program ACO may request a reopening of an initial determination, or a final agency determination under 42 CFR part 425 subpart I, of shared savings or shared losses, in accordance with 42 CFR § 425.315(b). For additional information about requests for reopening, please refer to section three of the *Requesting Technical Assistance, Reconsideration Review, or Reopening of a Payment Determination* guidance document (March 2025, version 11).

Skin Substitute Billing Activity in the ACO REACH Model

The population of beneficiaries served by REACH ACOs and the model's design differ from those of the Shared Savings Program. Examples include, but are not limited to:

- The inclusion of dedicated High Needs REACH ACOs;
- A voluntary stop-loss mechanism, with a budget neutrality adjustment that equalizes payments and charges as described in Appendix B, Section VI.E of the Agreement; and
- The application of a symmetric corridor to the benchmark retrospective trend adjustment (RTA) as described in Appendix B, Sections I.E.4, III.E.2, and III.E.2 of the Agreement.

In its analysis of skin substitute expenditures for the ACO REACH Model, CMS estimates that skin substitutes comprised 2.8% of PY 2025 ACO REACH expenditures compared to 3.2% of the ACO REACH reference population. High Needs REACH ACOs were disproportionately impacted by skin substitute expenditures, with skin substitute expenditures constituting an estimated 12.6% of High Needs REACH ACOs' total expenditures. Due to the voluntary and budget-neutral design of ACO REACH's stop-loss provisions, a significant portion of skin substitute expenditures would be unmitigated in shared savings calculations. CMS further found that in PY 2025, a significant portion of the impact of the RTA corridor was driven by skin substitutes expenditures and therefore the trend-related effects of such expenditures are not fully accounted for in PY 2025 benchmark calculations. As a result, CMS estimates that the majority of REACH ACOs' shared savings would be negatively impacted by the inclusion of skin substitutes expenditures in settlement calculations.

Accordingly, for the ACO REACH Model, CMS will remove 90% of skin substitute expenditures for 254 HCPCS codes[i] related to skin substitutes for PY 2025 and likewise recalculate the stop-loss and the RTA and exclude 90% of skin substitute billing activity from historical benchmark years for PY 2025. CMS will also calculate shared savings to hold REACH ACOs harmless to any downside impacts from the removal of skin substitutes for PY 2025. REACH ACOs will be offered a Participation Agreement Amendment in April 2026 to receive the adjustment for PY 2025 skin substitute billing activity.

Additionally, CMS is evaluating potential revisions to the reopening processes in the ACO REACH Model to allow ACOs to request a reopening when they believe potential improper claims payments have occurred. We expect this will be included in the Participation Agreement Amendment that CMS will offer REACH ACOs in April 2026. Additional details will be forthcoming in the ACO REACH Newsletter.

CMS appreciates the continued partnership and efforts of Shared Savings Program and REACH ACOs to identify and report suspected fraud, waste, and abuse.

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[i] List of 254 HCPCS codes related to skin substitutes can be accessed via the 4i Knowledge Library: https://4innovation.cms.gov/secure/knowledge-management/view/2250?selectedModel=dc