

# GUIDANCE FOR PARTICIPATING PRACTICES

## ACO REACH 2026 Program Updates



### Overview

CMMI announced several changes to the ACO REACH Model for Performance Year 2026 on May 21, 2025. These updates are based on findings from the PY 2023 Evaluation Report and aim to improve the model's long-term sustainability.

These FAQs address certain key changes and their implications for practices participating in the model with Pearl-affiliated ACOs.

### GENERAL QUESTIONS ABOUT THE 2026 UPDATES

#### Q: What prompted these changes?

CMMI is announcing a coordinated set of changes to the ACO REACH Model starting in Performance Year 2026 that are expected to improve the model by adjusting the financial methodology to improve sustainability based on the findings in the [Preview of the PY 2023 Evaluation Report](#).

#### Q: When do these changes take effect?

All changes go into effect for Performance Year (PY) 2026. Further, the significant, anomalous and highly suspect (SAHS) billing adjustment — which removes two codes related to DME that have been associated with outsized fraudulent billings from

settlement calculations — will also affect Performance Year 2024 and 2025.

#### Q: Do these changes fundamentally alter the structure of ACO REACH?

No. The core structure of ACO REACH remains the same:

- Primary care capitation payments for stable revenue
- Simple, claims-based quality measures that align efforts towards patient outcomes
- Shared savings from the first dollar (no minimum savings rate)
- Improved performance opportunities for appropriate groups

## SPECIFIC CHANGES

### Q: What are the new risk score growth constraints?

After the application of the current Cap and Coding Intensity Factor (CIF) policy, CMS will apply an additional cap of 3% on risk score growth from 2019 to 2026 to constrain risk score growth from the early years of the model.

What this means: These constraints primarily affect ACOs that had unusually high risk score growth in earlier years. Most practices with typical coding patterns should see minimal impact, particularly as V28 of the Risk Adjustment formula takes 100% weight in 2026.

### Q: What is the risk adjustment model update?

In PY 2026, CMS will continue with implementation of the V28 model and increase the weight on the new V28 prospective HCC model to 100%.

Impact: This affects how patient risk scores are calculated and may influence coding and documentation practices. Pearl has been engaging clients in its retrospective chart accuracy review program in anticipation of this change and will be rolling out capabilities to support accurate documentation through prospective coding later this year.

### Q: How is the benchmark calculation changing?

In PY 2026, CMS will decrease the regional benchmark weighting for all REACH ACOs. This means benchmarks will rely more heavily on practices' historical spending patterns rather than regional averages.

**Impact:** Your benchmark becomes more closely tied

to the ACO's and individual practices' performance histories, which can provide more predictable and practice-specific targets. Pearl Health will be ready to provide guidance on projected impact to your practice's benchmark forecast in the coming weeks.

### Q: What does narrowing the risk corridor mean?

In PY 2026, CMS will narrow the 1st risk corridor to be 10% of benchmark (instead of 25%) for REACH ACOs in the Global risk track, so that savings and losses above 10% are shared with CMS.

Impact: As the vast majority of groups across the country are forecasted to achieve savings at or below a 10% rate, we foresee negligible impact to most practices nationwide at this time. As alternative programs (e.g., ACO REACH Professional or MSSP Enhanced) split savings with CMS from the first dollar, the vast majority of highly performant groups are still anticipated to generate more savings in ACO REACH Global. However, if a Pearl group would otherwise perform better in another program, we will reach out.

### Q: How does the Quality Withhold increase affect savings opportunity?

In PY 2026, CMS will increase the Quality Withhold from 2% to 5% of your benchmark.

**Impact:** More of your savings potential (5% instead of 2%) depends on quality performance compared to prior Performance Years, placing a greater emphasis on controlling unnecessary acute utilization. The Pearl platform's predictive and real-time alerts are oriented towards curbing this exact utilization, so Pearl clients will be well-positioned for this change to the model.

## SPECIFIC CHANGES

### Q: What are the billing adjustments for 2024?

ACO REACH will remove two HCPCS codes (A4353 and A5057) associated with intermittent urinary catheter supplies and ostomy bags that were identified for SAHS billing activity from 2024 expenditures.

**Context:** This addresses unusual billing patterns that occurred in 2024 to make PY 2026 more fair. For PY 2024, expenditures used for shared savings determination will exclude claims from these two codes.

## PRACTICAL IMPLICATIONS

### Q: Will these changes affect my revenue stability?

The primary care capitation model remains unchanged, so you'll continue to receive predictable monthly payments.

### Q: Do I need to change how I manage quality measures?

The four quality measures remain the same:

- All-Cause Unplanned Admission for Patients with Multiple Chronic Conditions (UAMCC)
- Timely Follow-Up After Acute Exacerbations of Chronic Conditions (TFU)
- Risk-Standardized All Condition Readmission (ACR)
- Consumer Assessment of Healthcare Providers & Systems (CAHPS) Survey

With the increased quality withhold to 5% of your benchmark, strong performance on these measures becomes all the more significant.

### Q: How do these changes affect new practices considering ACO REACH?

The changes don't alter the fundamental value proposition for new entrants:

- Stable monthly revenue through capitation
- Simple quality reporting requirements
- Opportunity for shared savings from the first dollar
- Support for value-based care transition

### Q: What specific support does Pearl offer for the 2026 changes?

- Updated analytics reflecting new benchmark calculations
- Tooling to support improved performance against REACH quality measures and coaching to ensure strong quality tracking given the increased withhold
- Continued regulatory guidance as changes are implemented
- Practice-specific impact analysis and optimization recommendations

### Q: What should I do to prepare for 2026?

- Review your current quality performance on the four measures
- Understand your risk score trends and coding practices
- Assess your financial performance relative to benchmarks
- Consider workflow optimizations to maximize quality scores

### Q: Where can I get more information?

- Review the full [CMS quick reference document](#)
- Speak with your Pearl Health Customer Success Manager or reach out to [help@pearlhealth.com](mailto:help@pearlhealth.com)