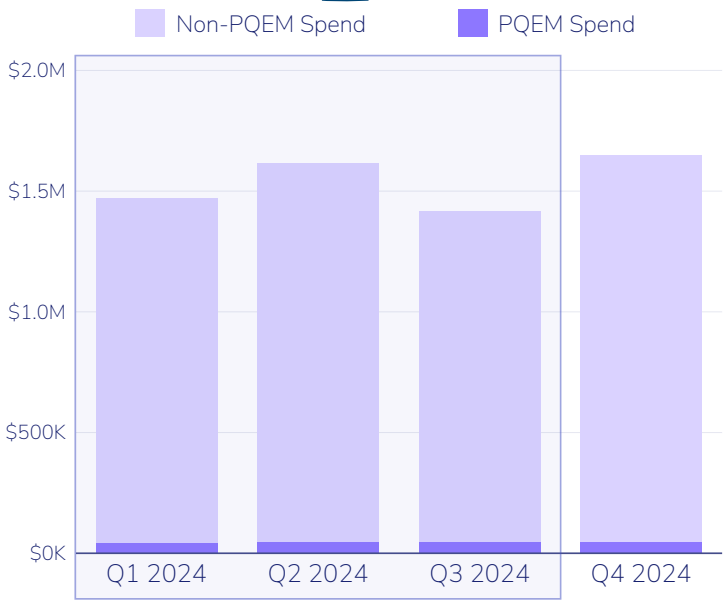


CONSISTENT, PREDICTABLE REVENUE

Primary Care Capitation in ACO REACH – How Does It Work?

Primary Care Capitation (PCC) is the payment mechanism through which most primary care services are reimbursed in Medicare’s **ACO REACH Model**. Unlike fee-for-service (FFS) payments (i.e. compensation for each patient visit or procedure), PCC allows for stable monthly payments to primary care providers for managing their respective Medicare patient panels. These monthly PCC payments are designed to offer both **revenue stability** and **revenue neutrality** for providers transitioning to this new value-based payment model and incentive structure.



PQEM Spend (Q1–Q3 2024)	\$181,300
All Spend (Q1–Q3 2024)	\$6,414,700
Base PCC Rate	2.82%

$$\frac{\text{PQEM Spend}}{\text{All Spend}}$$

PY 2025 Benchmark (PBPM)	\$1,500
Capitation Amount (PBPM)	\$41.30

$$\text{Practice Benchmark} \times \text{Base PCC Rate}$$

Aligned Beneficiaries	500
Total Capitation Payments per month	\$20,700
Total Capitation Payments per year	\$247,800

$$\text{Aligned Beneficiaries} \times \text{Capitation Amount}$$

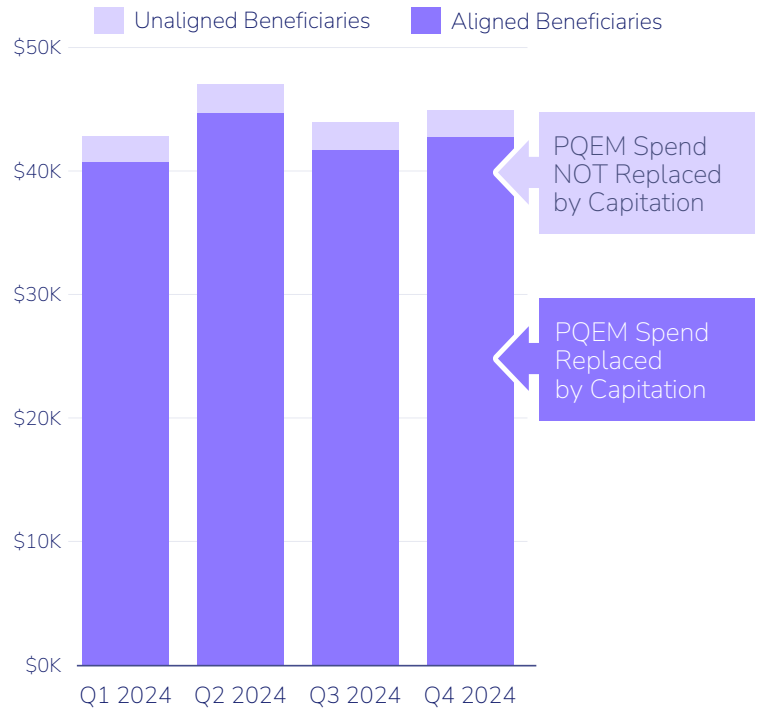
Key Terms

- + **Capitation Amount** — per-beneficiary, per-month (PBPM) amount for aligned beneficiaries
- + **Aligned Beneficiaries** — number of patients with traditional Medicare aligned with providers within the group participating in the ACO REACH model
- + **Base PCC Rate** — proportion of expenses covered by primary care capitation, based on historical utilization from claims data
- + **Practice Benchmark** — estimated PBPM total cost of care for the performance year

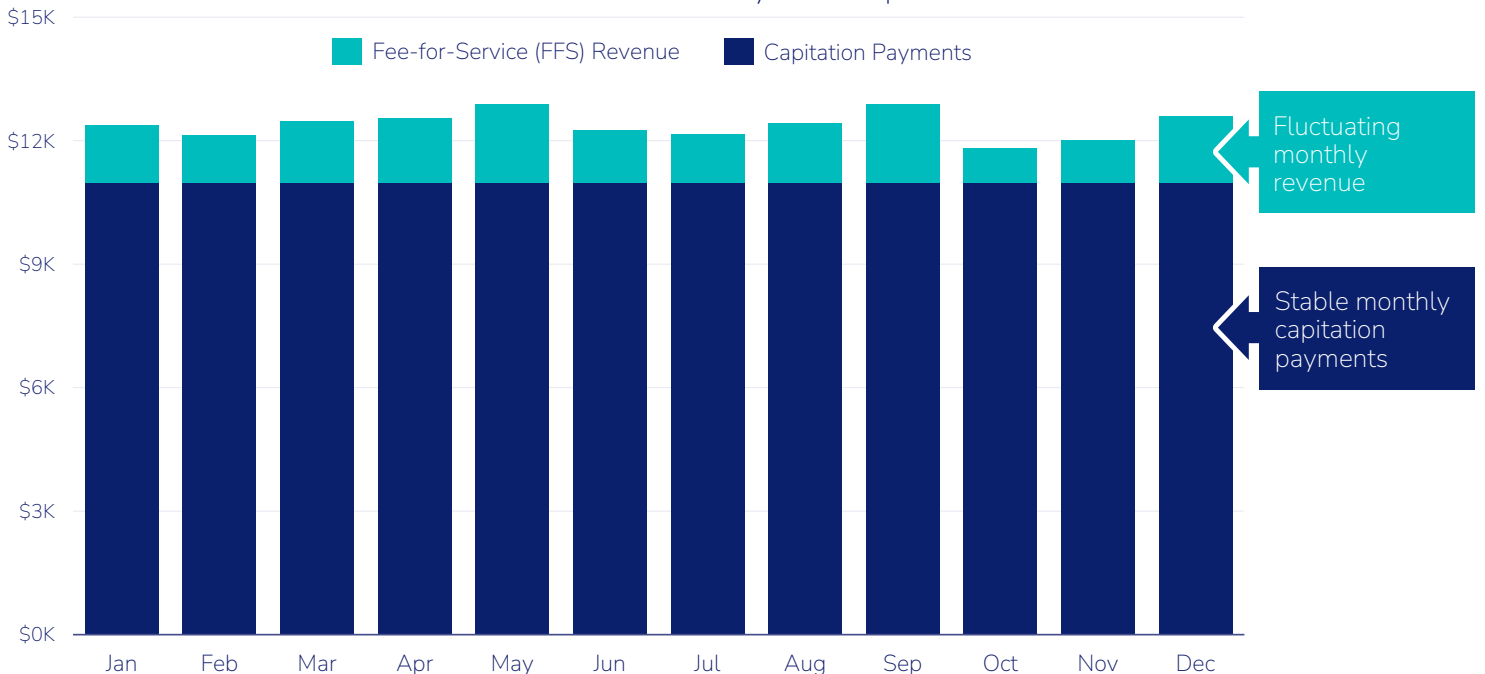
CONSISTENT, PREDICTABLE REVENUE

Primary Care Capitation in ACO REACH – Key Dynamics

Capitation only applies to Primary Care Qualified Evaluation and Management (PQEM) spend for claims-aligned Medicare beneficiaries. PQEM for non-aligned Medicare beneficiaries will continue to be billed/paid as regular FFS. However, payment for claims under E&M will be reduced based on the practice’s Fee Reduction Agreement in exchange for these capitation payments. For more information on PQEM codes included in ACO REACH, see our guide on [PCC in ACO REACH – What’s Included?](#)



Performance Year 2025 Primary Care Capitation



Note: All non-PQEM revenue continues to be billed and paid as fee-for-service