



Accountable Care Organization Primary Care Flex Model

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Effective Date: April 1, 2025 – Technical Analysis, Design, and Coding; July 1, 2025 – Testing and Implementation	Related Change Request (CR) Number: CR 13609
Implementation Date: April 7, 2025 – Technical Analysis, Design, and Coding; July 7, 2025 – Complete Coding, Testing, and Implementation	Related CR Transmittal Number: R12907DEMO
Related CR Title: Accountable Care Organization (ACO) Primary Care Flex Model (ACO PC Flex Model)	

Affected Providers

- Hospitals
- Physicians
- Other providers billing Medicare Administrative Contractors (MACs) for services they provide to Medicare patients

Action Needed

Make sure your billing staff knows about these updates:

- The purpose of the Accountable Care Organization (ACO) Primary Care Flex Model (ACO PC Flex Model)
- Claims processing changes to support the model

Background

The ACO PC Flex Model is a 5-year voluntary primary care payment model. CMS will test the model within the Medicare Shared Savings Program (Shared Savings Program) that started January 1, 2025, with claims reductions effective July 1, 2025. The model tests whether an alternative payment for primary care will empower participating ACOs and their providers to use more innovative, team-based, person-centered, and proactive approaches to care, which will have a positive impact on patient outcomes, quality, and cost. Visit the CMS website for more information about [the ACO PC Flex Model](#).

The model provides an opportunity for us to test new payment mechanisms to support primary care for low revenue ACOs participating in the Shared Savings Program. These payment arrangements leverage lessons learned from other Medicare ACO initiatives, such as the Shared Savings Program; Next Generation ACO Model; and ACO Realizing Equity, Access, and Community Health Model.

The ACO PC Flex Model seeks to improve health care quality and outcomes for Medicare patients by:

- Aligning financial incentives for primary care
- Emphasizing flexibility and primary care innovation
- Strongly monitoring to ensure patients receive access to high-quality, person-centered primary care

This model is part of a CMS Center for Medicare and Medicaid Innovation strategy to use the redesign of primary care as a platform to drive broader health care delivery system reform.

The model:

- Provides more flexibility in how primary care providers use funds
- Increases resources for primary care
- Strengthens incentives for organizations to participate that haven't typically participated in an ACO program, the Shared Savings Program, or both, including newly formed, low-revenue ACOs and ACOs that include Federally Qualified Health Centers (FQHCs) or Rural Health Clinics as participants

Participating ACOs will jointly participate in the Shared Savings Program and the ACO PC Flex Model. The model applies fee reductions to both professional and outpatient institutional claims. Professional claims eligible for fee reductions include a set of HCPCS services rendered by individual practitioners and group practices. Institutional claims eligible for fee reductions include claims billed by participating:

- FQHCs
- Critical access hospitals
- Hospital outpatient departments

Reduce claim lines to 0 on these claim types (100% fee reduction applies).

ACO PC Flex Institutional and Professional Claims Information

MACs will use Medicare Demonstration Special Processing Number A8 to identify ACO PC Flex claims.

Claims must meet all these conditions:

- The claim-line has a provider assigned to the ACO
- The claim-line has a patient assigned to the same ACO as the provider
- The claim-line has one of the CPT/HCPCS codes specified for the model
- The date of service (DOS) on the claim is on or within the patient's effective start date and the end date with that PC Flex ACO
- The DOS on the claim-line is on or within the provider's effective start date and end date of affiliation with that ACO

MACs:

- Won't apply the claims reduction when an alcohol or substance abuse procedure or diagnosis code is present on the claim-header or claim-line
- Will calculate coinsurance and deductible amounts for claims with demo code A8 present in the same manner as they would in the absence of the demonstration

More Information

We issued CR 13609 to your MAC as the official instruction for this change. For more information, find your [MAC's website](#).

Document History

Date of Change	Description
January 15, 2025	Initial article released.

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