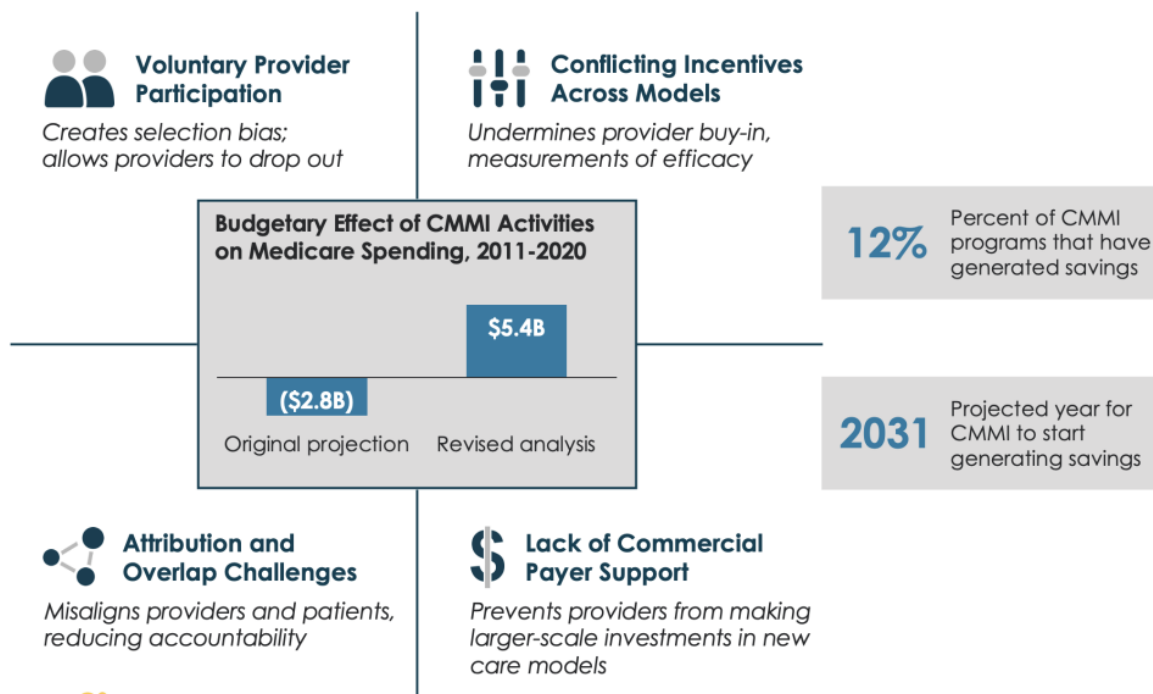


CMMI increased Medicare spending in its first decade

In this week's graphic, we highlight the recent Congressional Budget Office (CBO) [analysis](#) of the budgetary impact of the Center for Medicare and Medicaid Innovation (CMMI), which has gotten off to a disappointing start. CMMI was created by the Affordable Care Act in 2010 to test new payment models and other initiatives for reducing the federal government's healthcare costs, but of the nearly 50 models it has run, only four have become permanent programs. **Originally projected to generate \$2.8B in savings between 2011 and 2020, CMMI was responsible for a net spending increase of \$5.4B**, having achieved only one quarter of its projected Medicare savings. **Moreover, the CBO predicts that CMMI won't produce net annual savings until 2031.** There are several factors to blame for CMMI's initial shortcomings, including the **lack of mandatory participation for providers, conflicting incentives across care models, patient attribution challenges between providers, and insufficient commercial payer support to scale new care models.** CMMI intends to simplify its approach, according to its 2021 ["strategy refresh"](#), which should address some of these issues, though requiring commercial payers to participate in new models seems unlikely. However, despite the discouraging results so far, **CMMI's mission is still laudable and important, and the transition to value remains a key priority for federal regulators.**

Key Drivers of CMMI's¹ Failure to Generate Savings

CMMI Not Projected to Break Even Until 2031



1. Center for Medicare and Medicaid Innovation.

Source: "Federal Budgetary Effects of the Activities of the Center for Medicare and Medicaid Innovation", Congressional Budget Office, Sep. 2023; Gist Healthcare analysis.