<table>
<thead>
<tr>
<th>Issue</th>
<th>Track 1 (One-Sided Model)</th>
<th>Track 2</th>
<th>Track 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition to Two-Sided Model</td>
<td>Removed the requirement to move to two-sided model after first agreement period; added an additional agreement period with no reduction in sharing rate.</td>
<td>No Changes: ACOs may elect Track 2 without completing a prior agreement period under a one-sided model. Once elected, ACOs cannot go into Track 1 for subsequent agreement periods.</td>
<td>Same as Track 2.</td>
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<tr>
<td>Assignment</td>
<td>No changes. Preliminary prospective assignment for reports; retrospective assignment for financial reconciliation.</td>
<td>No changes. Preliminary prospective assignment for reports; retrospective assignment for financial reconciliation.</td>
<td>Prospective assignment for reports; quality reporting and financial reconciliation. Beginning in 2017, beneficiaries may attest that their main doctor is participating in a performance-based risk track ACO and be assigned to that ACO.</td>
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<tr>
<td>Benchmark</td>
<td>Modifications to rebasing methodology for ACO’s second agreement period: equally weighting benchmark years and including a per capita amount reflecting savings generated during prior agreement period. Same as Track 1.</td>
<td>Same as Track 1.</td>
<td>Same as Tracks 1 and 2.</td>
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<tr>
<td>Adjustments for Health Status and Demographic Changes</td>
<td>No changes. Historical benchmark expenditures adjusted based on CMS-HCC model. Updated historical benchmark adjusted relative to the risk profile of the assigned beneficiary population for the performance year. Performance year—newly assigned beneficiaries adjusted using CMS-HCC model, continuously assigned beneficiaries adjusted using demographic factors alone unless CMS-HCC risk scores result in a lower risk score.</td>
<td>No changes. Same as Track 1.</td>
<td>Same as Tracks 1 and 2.</td>
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<tr>
<td>Final Sharing Rate</td>
<td>No changes. Up to 50% based on quality performance (not reduced for newly approved second agreement period)</td>
<td>No changes. Up to 60% based on quality performance.</td>
<td>Up to 75% based on quality performance.</td>
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<td>MSR/MLR</td>
<td>No changes. 2-3.9% based on number of assigned beneficiaries. MLR does not apply to Track 1 participants.</td>
<td>Rather than a fixed 2% MSR/MLR, Track 2 ACOs will have a choice of an equilateral MSR/MLR. 1) No MSR/MLR 2) Equilateral MSR/MLR in .5% increments between 5%-2% or 3) equilateral MSR/MLR to vary based on number of assigned beneficiaries (as in Track 1).</td>
<td>Same as Track 2.</td>
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<tr>
<td>Performance Payment Limit</td>
<td>No changes—10%</td>
<td>No changes—15%</td>
<td>20%</td>
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<tr>
<td>Shared Savings</td>
<td>No changes—first dollar sharing once MSR is met or exceeded.</td>
<td>No changes—same as Track 1.</td>
<td>Same as Tracks 1 and 2.</td>
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<tr>
<td>Shared Loss Rate</td>
<td>No changes. Not applicable to Track 1.</td>
<td>No changes—one minus final sharing rate applied to first dollar losses once MLR is met or exceeded, shared loss rate may not be less than 40% or exceed 60%.</td>
<td>No changes—one minus final sharing rate applied to first dollar losses once MLR is met or exceeded, shared loss rate may not be less than 40% or exceed 75%.</td>
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<tr>
<td>Loss Sharing Limit</td>
<td>No Changes. Not applicable to Track 1.</td>
<td>No changes. Limit on the amount of losses to be shared in phases in over 3 years starting at 5% in year 1, 7.5% in year 2, and 10% in year 3 and any subsequent year. Losses in excess of the annual limit are not shared.</td>
<td>15%-losses in excess of the annual limit are not shared.</td>
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<tr>
<td>Additional Payment and Program Rule Waivers</td>
<td>Not applicable to Track 1.</td>
<td>Not applicable to Track 2.</td>
<td></td>
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