MEDICARE, JANUARY 2022

29 doctor groups quit their contracts early and had their targets reset.

Two-thirds ended up with a lower one.

Why?

Two-thirds: from a check made after the pre-registered analysis, against Medicare's published 2022 targets (slide 18).

A PRE-REGISTERED STUDY OF PUBLIC MEDICARE DATA

Why did some Medicare doctor groups hit "reset" early?

And what happens when you write down the rules before you look at the data

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START WITH A FAMILIAR IDEA

Imagine next year's sales target is set from what you sold this year.

Have a great year, and next year's target gets harder. Economists call this a **ratchet**: it only clicks one way.

THE PROGRAM

Medicare pays some doctor groups to save money

An **accountable care organization (ACO)** is a group of doctors and hospitals that agrees to be measured on the total cost of care for its Medicare patients. If costs come in under target, the group keeps part of the savings.

511

doctor groups (ACOs) in the program

12.6M

people with Medicare assigned to them

Source: CMS Shared Savings Program fast facts, as of January 1, 2026

A MADE-UP EXAMPLE

The deal: beat the target, keep a share

Per patient, per year	Amount
Target (the "benchmark")	$11,000
Actual cost of care	$10,500
Saved per patient	$500
x 15,000 patients	$7.5 million

At a 50% share

$3.75M

At a 75% share

$5.6M

Round numbers for illustration; real targets also adjust for how sick patients are, inflation and caps.

PART 1 OF A RESET: YOUR OWN SPENDING

The catch: the target resets

$11,000
old target

→

$10,500
what patients actually cost

→

$10,500
new target starts here:
$500 lower

Every few years the target is rebuilt from the group's own recent spending. Beat the target today, and tomorrow's target starts lower.

PART 2 OF A RESET: THE NEIGHBORHOOD

The target is nudged toward local costs

$10,500
the group's starting point

$12,000
similar patients in the region

+$525
35% of the $1,500 gap

If care in your area costs more than you do, your new target moves part of the way up toward it.

ADD THE TWO PARTS TOGETHER

$10,500 + $525 = $11,025

Almost exactly where it started.

The loss from beating your target and the gain from your region can cancel out. Hold that thought.

THE PUZZLE

The escape hatch: quit early and sign again

Contracts normally last five years. A group could end its contract early and start a new one the next day. That did two things at once:

1. Reset the target sooner

A new contract means a new target, built from the two parts we just saw.

2. Unlock the bigger share

Under the 2022 rules, it was the only way for most groups to move up to the 75% track mid-contract.

WHO TOOK IT

In 2022, 29 groups took the escape hatch

Out of 334 groups whose contracts began in mid-2019 or January 2020:

29

renewed early on January 1, 2022

277

stayed in their contracts

28

left the program

Source: CMS Shared Savings Program enrollment files

TWO SUSPECTS

Two possible reasons, tangled together

A: A better target

Reset because the new target would come out higher than the old one.

B: A bigger share

Reset because it was the way into the track that keeps 75% of savings.

Both came with the same decision, so no test can fully pull them apart.

BEFORE LOOKING AT ANY RESULTS

I wrote down every question, every test, and the exact words I'd use for each possible answer, and posted it publicly.

Like calling your shot in pool: which ball, which pocket, before you hit.

HOW YOU CAN CHECK

Three locks on the process

Public timestamp

The plan was registered on OSF, an independent site that records the time itself: October 26, 2026.

Locked data

The code refused to open any spending or results file until the plan was registered. No override.

Practice run

Everything was tested first on fake data with known answers planted in it, to prove the code could find them.

FIRST, A CHECK

Can the target be rebuilt?

Medicare doesn't publish what a group's target would have been after a reset, so I rebuilt it. I tested the rebuild on 101 groups whose real new targets Medicare did publish, with a pass mark set in advance.

0.94

agreement in ranking groups (1.0 = perfect)

Pass mark: at least 0.80

1.6%

typical miss on a group's target

Pass mark: at most 5%

A 30-SECOND GUIDE

How to read the numbers that follow

Each result is a best guess plus a range of plausible values. What matters most: does the range include zero?

+3.4

range 1.7 to 5.4

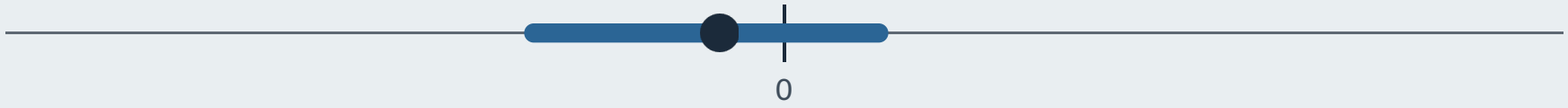
Clear difference



-0.5

range -2.0 to +0.8

Crosses zero



FINDING 1: THE MAIN QUESTION

Early renewers were in places where care costs more

+3.4%

of target, vs. stayers

about **$385 per patient per year**

Range 1.7% to 5.4%; clear of zero

The gap between local costs and their target was bigger than for stayers.

A reset pulls the target toward local costs, so on this part alone, early renewers had more to gain.

Dollar figure at the typical 2021 target of $11,312 per patient. Source: CMS public files; pre-registered analysis.

FINDING 2

But they already beat their targets

Share of target saved, 2020 average

6.4% early renewers

4.6% stayers

Own spending vs. target, compared with stayers

-2.1

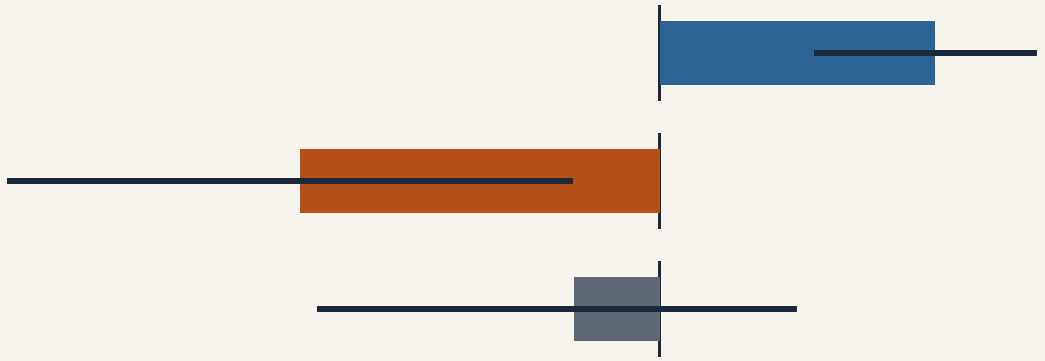
points of target; range -3.8 to -0.5

Remember the catch: a reset restarts from your own spending. For strong savers, that part cuts the target.

FINDING 3

The two parts roughly cancel out

Early renewers minus stayers, points of target. Bar = best guess; line = range.



Regional part (boost) +1.6

Own spending (catch) -2.1

Total (crosses zero) -0.5

Checked afterward against Medicare's real 2022 targets: early renewers' new targets came in 1.3% below their old ones, on average.

FINDING 4

Nearly all of them moved to the bigger share

26 of 27

early renewers on the BASIC track moved up to the 75% track

16 of 27

were already at BASIC's top level, one short step from the 75% track

Groups at BASIC's higher levels were much more likely to renew early. With only 24 groups in that model, the exact size is probably overstated; the direction is the finding.

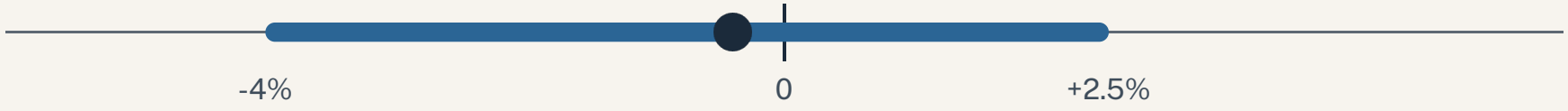
FINDING 5

Spending afterward looked about the same

Change in spending growth, 2022-2024, early renewers vs. groups that hadn't yet renewed:

-0.4%

range -4.0% to +2.5%



What it rules out

A drop of more than about 4%, or a rise of more than about 2.5%.

Why it's not "no effect"

A trend that began before renewing could hide a smaller effect.

WHAT IT MEANS

What this study can and cannot say

Can say

- Which groups chose to reset early
- What a reset stood to do to their targets, on average
- Spending didn't shift by more than a few percent

Cannot say

- That renewing caused anything
- Which reason was "the" reason
- What early renewal cost Medicare

SO WHY DID THEY RESET EARLY?

Best reading: they were after the bigger share, not a bigger target.

An interpretation, not a tested result. It fits a trade built into the 2022 rules: moving up to the 75% track mid-contract required a reset.

LIMITS

The fine print

2022 rules only

Rules for 2024 and later soften the hit for past savings.

Small numbers

29 early renewers; 24 in the model of who chose.

Rebuilt targets

Good for group averages, rough for any one group.

Smaller groups missing

39 couldn't be measured: Medicare hides tiny counts for privacy.

One COVID-era baseline

Only one before-period to compare spending trends.

Not fully independent

Some groups share owners or local markets.

DISCLOSURE

How AI was used in this study

The AI tool

Claude Code, from Anthropic, proposed the topic and drafted the analysis plan, the code, and most of the written post. Separate instances reviewed the plan, code, and manuscript.

Me

I chose among the options, revised and registered the plan, ran the analysis, and revised the text. I'm responsible for the results.

WRAP-UP

Three things to remember

1

Groups that reset early were low-cost compared with their areas, and already saving more.

2

A reset didn't raise their targets on average. The 75% share is the likelier draw.

3

Writing the rules first lets you trust a result, even a messy one.

Thanks for watching

Had a target ratchet up on you? Tell me in the comments.

LINKS IN THE DESCRIPTION

Write-up: stharrold.github.io

Registered plan: osf.io/c53w9

Code: github.com/stharrold/mssp-paper-2026