

## Recent news coverage of Medicare Advantage plans

### March 2023

*The following is a high-level overview of selected recent news articles related to Medicare Advantage plans, including marketplace perspectives on these plans and regulatory and federal legislative activity; this is not intended to be a comprehensive summary.*

#### Market perspectives on Medicare Advantage (MA) plans:

- Half (50%) of large employers offering retiree health benefits to Medicare-age retirees offer coverage to at least some retirees through a contract with a Medicare Advantage plan, nearly double the share in 2017 (26%). About 44% of large employers that offer Medicare Advantage coverage to their retirees do not give retirees a choice in coverage options. Among larger employers with 1,000 or more workers that offer retiree health benefits through a Medicare Advantage plan, the most commonly cited reason they elected this option was the lower cost. Source: <https://www.kff.org/medicare/issue-brief/medicare-advantage-coverage-is-rising-for-the-declining-share-of-medicare-beneficiaries-with-retiree-health-benefits/>.
- More employers are offering Medicare Advantage benefits to their retired employees, but some retirees have concerns about prior authorization and costs. Source: <https://www.beckerspayer.com/payer/as-more-employers-embrace-medicare-advantage-some-retirees-push-back.html>
- A survey, conducted in February 2023 by insurance marketplace provider eHealth, gathered responses from 3,880 people who bought Medicare Advantage or Medicare Supplement plans through eHealth's marketplace. Findings included high levels of satisfaction for enrollees in both types of Medicare plans, but Medicare Advantage and Medicare Supplement enrollees have different concerns: Medicare Advantage enrollees are most concerned with not being able to afford their medical care in the future, while Medicare Supplement enrollees' biggest concern is seeing their Medicare benefits reduced. Source: [https://news.ehealthinsurance.com/ir/68/20232/eHealth\\_Economics\\_Medicare\\_Advantage\\_Medicare\\_Supplement\\_Enrollment\\_March2023.pdf](https://news.ehealthinsurance.com/ir/68/20232/eHealth_Economics_Medicare_Advantage_Medicare_Supplement_Enrollment_March2023.pdf)
- A summary of research published over the last year suggests that Medicare Advantage plans greatly differ from traditional Medicare plans in several aspects of care quality and cost. Findings include some indications that MA beneficiaries may experience better health outcomes, care delivery for MA beneficiaries may be shifted from inpatient to outpatient settings where possible, and MA beneficiaries may need less retirement savings to fund their health care costs. Source: <https://www.beckerspayer.com/payer/what-8-studies-say-about-medicare-advantage.html>.

#### Regulatory and federal legislative activity:

- Medicare Advantage plans are not required to identify when payments claims were denied, hindering fraud, waste and abuse investigations, according to a report from HHS' Office of Inspector General. Source: <https://oig.hhs.gov/oei/reports/OEI-03-21-00380.asp>
- In January 2023, CMS said it will implement stricter auditing practices around Medicare Advantage plans. Source: <https://www.beckerspayer.com/policy-updates/in-blow-to-payers-cms-implements-tougher-medicare-advantage-audits.html>
- A group of 70 lawmakers pressed CMS on further Medicare Advantage reforms, as the agency considers implementing prior authorization reforms and other changes to the program. Source:

<https://www.beckerspayer.com/payer/lawmakers-call-for-medicare-advantage-prior-authorization-overpayment-reforms.html>

- In late 2022, members of the U.S. House of Representatives and Senate were considering a bill that would reform Medicare Advantage prior authorization requirements. This was occurring while CMS released several iterations of proposed rule changes to prior authorization processes. Source: <https://www.beckerspayer.com/payer/lawmakers-cms-proposal-brings-medicare-advantage-prior-authorization-reform-closer-to-finish-line>

#### **Pushback on CMS-proposed changes for 2024 to Medicare Advantage rate adjustments:**

- Each year, CMS issues a notice about proposed changes to Medicare Advantage reimbursement methodologies (called an “Advance Notice” or “call letter”) about two months prior to finalizing the Medicare Advantage capitation rates and the factors used to adjust those rates for the upcoming calendar year. The purpose of this Advance Notice is to provide members of the public, including but not limited to medical providers/provider groups, insurance carriers, Medicare Advantage and Part D plan sponsors, advocacy groups, state Medicaid agencies and pharmacy benefit managers, an opportunity to comment on the proposed changes. Following collection and review of public comments, CMS finalizes its Medicare Advantage reimbursement methodologies for the upcoming year and issues an announcement letter describing the final changes. The Advance Notice is typically issued at the beginning of February and the announcement letter with final changes is typically issued at the beginning of April.
- The 2024 Advance Notice from CMS was issued on February 1, 2023 and contained technical details on the proposed changes, which included moving to the International Classification of Diseases (ICD)-10 diagnosis coding system from the prior ICD-9 system (which has been anticipated since 2015 when HHS mandated all parties covered by HIPAA must begin using ICD-10) and updating the Medicare Advantage risk adjustment model. The full text of the 2024 Advance Notice is available at <https://www.cms.gov/files/document/2024-advance-notice.pdf>.
- Various payers and provider groups have expressed concerns about the proposed changes, including the need for more time to study the impact of changing from ICD-9 to ICD-10 and the potential for reductions in reimbursements received by payers and providers. See <https://www.beckerspayer.com/payer/insurers-urge-cms-to-reverse-course-on-flawed-ma-risk-adjustment-changes.html> and <https://www.beckerspayer.com/payer/providers-join-payers-in-urging-cms-to-halt-proposed-2024-medicare-advantage-rates.html> for more information.
- CMS issued a Frequently Asked Questions document about the 2024 Advance Notice, including comments that CMS expects the proposed changes to MA payments will increase by 1.03% from 2023 to 2024, that the proposed changes are in line with previous updates that CMS has made to the MA reimbursement methodologies, and that describe how the proposed changes will impact beneficiaries with certain chronic conditions and from certain underserved populations. Source: <https://www.cms.gov/files/document/2024-advance-notice-faq.pdf>.
- An independent study published in the journal *Health Affairs* found that reduced Medicare Advantage benchmark payments would likely have a small effect on premiums, cost-sharing and benefits offered by MA plans. Source: <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2022.01031?journalCode=hlthaff>.