CAHPR CENTER FOR ADVANCING HEALTH POLICY THROUGH RESEARCH

School of Public Health BROWN UNIVERSITY

Center for Advancing Health Policy through Research (CAHPR)

Medicare Advantage Research Highlights

Research Highlights

Favorable selection in Medicare Advantage inflates benchmarks and leads to billions in annual overpayments. Favorable selection of beneficiaries into Medicare Advantage resulted in overpayment to plans by an average of $9.3 B per year between 2017 and 2020. The analysis is consistent with recent research from USC and MedPAC finding that favorable selection in Medicare Advantage inflated benchmarks by 10% or more. While legislative changes are warranted to reform benchmark payment, regulatory changes to risk adjustment in benchmark setting could likely mitigate the impact of favorable selection in Medicare Advantage.

Medicare Advantage networks appear to disproportionately exclude providers who treat patients with greater health needs. New research found that providers who treat more dually eligible beneficiaries [MA inclusion rate*: -3 percentage points], and beneficiaries with higher HCC scores [MA inclusion rate*: -6.5 percentage points] in Traditional Medicare were significantly less likely to be included in Medicare Advantage networks. CMS may consider strengthening network adequacy standards around providers that treat more socially vulnerable patients and those with complex care needs. Providing more publicly available data on network strength may also help beneficiaries make more informed decisions.

**the total number of MA contracts that operate with at least 1 physician in a given county, which serves as the denominator.*

Medicare Advantage penetration is inversely associated with postacute care spending among traditional Medicare beneficiaries. An increase in MA market penetration leads to substantial decrease in postacute care use for patients with congestive heart failure, hip fracture, and stroke, without a corresponding decline in hospital readmission rates or quality of care provided. Policymakers need to consider the influence of regional MA penetration, when evaluating and setting performance benchmarks for Accountable Care Organization (ACO) models.

Medicare Advantage disenrollment over time is higher than previously anticipated. While over a one year timeline disenrollment is quite low, by the end of 5 years around 50% of Medicare Advantage beneficiaries will have left their plan for another MA plan, or for Traditional Medicare. This trend raises concerns about potential dissatisfaction and reduced incentives for plans to invest in long-term care, especially for chronic conditions, reflecting both a dynamic market and underlying systemic issues. Our research supports including long-term disenrollment in MA performance metrics, suggesting current structures don't fully incentivize addressing beneficiary needs over time.

Small Payment Changes to Quartile Adjustment System Show Limited Effect on Medicare Advantage Plans. Medicare Advantage (MA) plans exhibit minimal sensitivity to slight alterations in payment rates. Primary care copayments, supplemental benefits, plan availability, contract offerings, and MA enrollment rates remain largely unaffected. Modest modifications to the quartile adjustment system could lead to cost savings without significantly impacting the benefits and offerings available to MA beneficiaries.

Traditionally Underserved MA Beneficiaries More Likely to Enroll in Plans That Offer Comprehensive Benefits: In this study by CAHPR researchers, they aimed to identify if racial and ethnic minority groups and lower-income MA beneficiaries prefer plans with dental, vision, or hearing benefits. This study found that non-Hispanic Black individuals, individuals with lower income, and individuals with lower educational attainment were more likely to enroll in plans offering dental or vision benefits.

MA Enrollees with Mental Health Symptoms Had Fewer Mental Health Visits Than Traditional Medicare Enrollees: Mental health symptoms are a pervasive and costly challenge for Medicare beneficiaries. This study found that MA enrollees with mental health symptoms were less likely to have a specialty mental health visit and had high out-of-pocket spending.

Legal and Policy Strategies to Improve MA

Legislative and Regulatory Options for Improving Medicare Advantage Researchers at CAHPR identify statutory and regulatory policy options to improve effectiveness, realize cost-saving, and offer long-term budget stability in the Medicare Advantage (MA) Program, through a focus on three domains of reform in MA: (1) policies for setting base payments; (2) policies for risk adjustment; and (3) policies for adjusting payment based on quality performance. Among the policy options discussed, the regulatory options presented for risk adjustment are the most impactful and easiest to implement, with the potential to save over $500 billion in a decade.

Affordable Care Act's quartile-based payment system on Medicare Advantage (MA) results in significant additional payments. From 2013 to 2021, additional payments increased from $796.7 million to $11.9 billion annually, totaling to $46.7 billion in overpayments. Eliminating the quartile system and setting payments at 100% of traditional Medicare spending could save $2 billion

annually, with minimal impact on MA enrollment, and number and quality of plans offered as indicated by previous research. Thus, eliminating the quartile system could generate huge savings without significant effects on plan behavior or quality.

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About Us

CAHPR CENTER FOR ADVANCING HEALTH POLICY THROUGH RESEARCH

The Center For Advancing Health Policy through Research (CAHPR) at the Brown University School of Public Health seeks to make fundamental contributions towards understanding and developing policies that reduce costs and enhance patient well-being in the US Healthcare system. We do this through marrying detailed numbers-based policy examination with legal assessment to translate knowledge gained through research into actionable policies. Learn more about us at https://cahpr.sph.brown.edu/.
