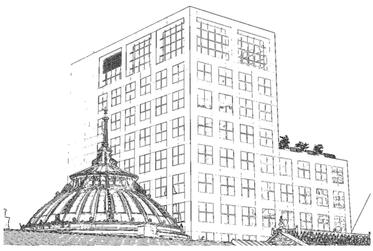
School of Public Health
BROWN UNIVERSITY

CAHPR CENTER FOR ADVANCING HEALTH POLICY THROUGH RESEARCH



Welcome to the mailing list of the Center for Advancing Health Policy through Research (CAHPR) at Brown University! This quarterly newsletter highlights our latest research on US health policy.

Favorable selection in Medicare Advantage inflates benchmarks and leads to billions in annual overpayments. New research published in the journal Health Affairs found that 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. Overpayments resulted from a shift in the distribution of Medicare Advantage beneficiaries towards counties with very high Medicare Advantage penetration that benefit most from favorable selection. 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.

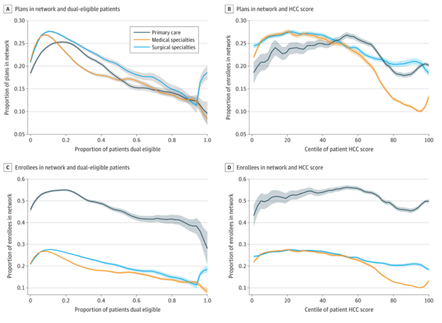
EXHIBIT 4

Estimates of overpayment to Medicare Advantage (MA) resulting from favorable selection and inflated benchmarks, benchmark years 2017–20

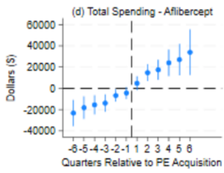
Year of MA benchmark	No. of MA beneficiaries in benchmark year (millions)	Years of TM spending used to set benchmark	Overpayment to MA plans	
			Percent overpayment	Overpayment amount ($ billions)
2017	20.3	2010–14	3.79	6.59
2018	21.9	2011–15	4.76	9.05
2019	23.5	2012–16	3.94	11.50
2020	25.7	2013–17	4.35	10.14

Medicare Advantage networks appear to disproportionately exclude providers who treat patients with greater health needs. New research published in JAMA Health Forum found that providers who treat more dually eligible beneficiaries and beneficiaries with higher HCC scores in Traditional Medicare were significantly less likely to be included in Medicare Advantage networks. As the MA program continues to treat more dually eligible beneficiaries over time, this finding could raise some concerns about the adequacy of networks for patients with the most complex care needs. It builds upon other work from Brown that finds that many plans have very narrow networks of primary care providers, mental and behavioral health workers, and dialysis facilities, and other work from researchers at Johns Hopkins that finds a lack of psychiatrists in MA networks. To address concerns over these issues, CMS may consider strengthening network adequacy standards around providers that treat more socially vulnerable patients. Providing more publicly available data on network strength may also help beneficiaries make more informed decisions.

Figure Title: Unadjusted MA Inclusion Rates by Patient Social and Clinical Risks Across Specialties



Private Equity acquisitions of retina practices increase Medicare spending on higher-priced Part-B injectable drugs even when lower-priced alternatives exist. New research published in the journal Ophthalmology found private equity (PE) acquisitions of retina practices increase Medicare use of and spending on expensive injectable drugs such as anti-vascular endothelial growth factor (VEGF) agents, resulting in additional Medicare expenditure by over $260,000 per practice in a given year. This paper builds upon other work led by the same research team that highlights PE's potential for overuse and unnecessary health care spending. Policy levers that can help to align the incentives of PE firms with those of clinicians and patients include greater transparency of health care provider ownership data; strengthening of corporate practice of medicine doctrines; and changes to Medicare payment structure for Part B drugs that incentivize the use of expensive drugs.



Listen to the podcast on this paper by Singh et al

Other News from CAHPR

CAHPR Launch Event

The Center for Advancing Health Policy through Research was launched on October 5, 2023, and inaugurated by Dr. Ashish Jha, Dean of the School of Public Health at Brown University. The event consisted of an engaging panel discussion, on the emerging theory and evidence on Private Equity and the Future of U.S. Health Care , followed by a lively networking reception.

Click here to watch the recording of the launch event

About Us

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 health care system. We do this by 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/.