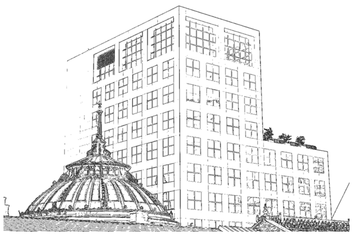
School of Public Health
BROWN UNIVERSITY

CAHPR CENTER FOR ADVANCING HEALTH POLICY THROUGH RESEARCH



NEWSLETTER **February 2024**

Medicare Advantage

In light of the annual update on proposed payment rates and policies for Medicare Advantage (MA), there is a growing focus among policymakers on potential actions to address MA overpayments, increase the program's transparency, and strengthen the MA program to safeguard affordability and access to its beneficiaries.

The Brown University Center for Advancing Health Policy through Research (CAHPR) can answer any questions about potential legislative and regulatory policy options to improve the MA program, through evidence-based policy research.

Below are some recent examples of CAHPR's research and analyses that might be useful.

Legislative and Regulatory Policies to Address 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, **potentially saving over $500 billion in a decade**.

Read the study >>

Read the policy brief >>

Addressing Payments in Medicare Advantage

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.

Read the study >>

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 $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 the number and quality of plans offered, as indicated by previous research *(see below)*. Thus, eliminating the quartile system could generate huge savings without significantly affecting plan behavior or quality.

Read the study >>

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.

Read the study >>

Medicare Advantage's Impact on Beneficiaries

Medicare Advantage networks appear to 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. Policymakers could require the data to be accurate, increase auditing, or require the data to be available at the time of plan choice.

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

Read the study >>

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 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.

Read the study >>

Reach us

For questions on our research or to request briefs, and reports, and to engage with the center's investigators please contact Jared Perkins, Assistant Director of Health Policy Strategy at jared_perkins@brown.edu

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 cahpr.sph.brown.edu