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From: Arnold Ventures

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**CMS' PROPOSED CHANGES TO MEDICARE ADVANTAGE PAYMENTS ARE A STEP IN THE RIGHT DIRECTION
BUT MORE MUST BE DONE TO STOP INSURANCE COMPANY WASTE AND FRAUD**

The insurance industry is spending millions to scare seniors and intimidate lawmakers about CMS' proposed changes to payment rates in Medicare Advantage. The cost of delaying or not enacting the reforms is clear. Insurance company upcoding and overcharges will cost taxpayers **\$23 billion this year alone**. These reforms are long overdue and the evidence is clear that more must be done to protect seniors and taxpayers from insurance company fraud and abuse.

**AMERICANS OVERWHELMINGLY BELIEVE CONGRESS AND THE ADMINISTRATION SHOULD DO MORE TO CRACK
DOWN ON FRAUD AND ABUSE IN MEDICARE ADVANTAGE.**

A recent national survey, conducted March 14-16, 2023, by the bipartisan polling team of Hart Research Associates and Fabrizio Ward, found that strong majorities of voters say the government should do more to protect Medicare Advantage from insurers in each of these ways:

- 70% say the government should do more to **prevent fraudulent billing** practices by health insurance companies in Medicare Advantage
- 65% say the government should **do more to hold health insurance companies in Medicare Advantage accountable** for providing value to beneficiaries and taxpayers
- 64% say the government should do more to make sure health insurance companies in Medicare Advantage are **not overpaid for the coverage they provide**

The survey also finds overwhelming support for reforms that prevent insurance companies from overbilling Medicare Advantage, just as CMS is proposing.

- Almost nine in 10 voters (87%) favor **reforms to Medicare Advantage** payments to prevent overbilling by insurance companies and reduce overpayments for coverage, while just 4% are opposed. The same holds true for **Medicare recipients who also favor the reforms** in equal numbers to voters overall, 87% to 4%.
- **Support for reforms crosses political lines**, with Democrats (90%), independents (85%), and Republicans (86%) all voicing similar levels of support. Biden voters (89%) and Trump voters (87%) both strongly endorse the reforms.

CMS' PROPOSED PAYMENT REFORMS ARE A REASONABLE STEP IN THE RIGHT DIRECTION.

- CMS' proposed revisions to determining Medicare Advantage payments are a reasonable step to address plans' ability to inflate their payments through aggressive and discretionary coding of diagnoses.
- Revising the risk adjustment model to make it less prone to upcoding by insurance companies is an important first step toward improving program integrity and the accuracy of plan payments.
- However, the evidence of egregious upcoding practices and the billions of dollars in overpayments to plans strongly suggests CMS and Congress need to do even more to address inappropriate coding by plans.
- Every unwarranted code inflates profits for plans often without helping patients. MedPAC noted in its March [report](#) that uncorrected Medicare Advantage coding intensity has generated \$80 billion in excess payments to plans through 2021 and is projected to generate nearly \$44 billion in excess payments to plans in 2022 and 2023.

THE RATE NOTICE IS A PAYMENT INCREASE TO MEDICARE ADVANTAGE PLANS.

- Despite the scare tactics and misinformation being pushed by insurance companies, the simple fact is CMS is [proposing](#) a 1% [increase](#) to Medicare Advantage plan payments next year. This represents a more than \$4 billion increase in plan revenue in 2024, based on estimated Medicare Advantage payments.
- Last year, CMS finalized an [8.5% increase](#) in plan payments. If the 2024 rates are finalized as proposed, Medicare Advantage plans will still experience a nearly 10% payment increase, which represents more than \$40 billion in plan revenue, over a two-year period.
- The [evidence](#) also strongly suggests that the proposed changes are unlikely to affect Medicare Advantage enrollees' benefits. Insurers have [considerable headroom](#) to reduce their profits and lower their costs without cutting back on benefits and raising premiums on seniors. A cut to benefits is a choice by insurers to put profits ahead of care for patients.

PROPOSED PAYMENT CHANGES ARE TARGETED AT PLANS WITH THE MOST ABUSIVE PRACTICES.

- Not only will Medicare Advantage insurers on average still realize a revenue increase under the proposed rate changes, it will have limited impact on those plans that are currently playing by the rules.
- The [changes will likely](#) be concentrated among Medicare Advantage plans and providers that are using these frequently abused codes and adding more unwarranted codes per patient.
- The proposed changes will leave Medicare Advantage plans, in aggregate, in a strong financial position while penalizing those who game the risk adjustment system. Efficient providers who deliver high-quality care will continue to be adequately reimbursed.

HIGH NEED BENEFICIARIES ARE MORE LIKELY TO DISENROLL FROM MEDICARE ADVANTAGE PLANS, RAISING QUESTIONS ABOUT THE QUALITY OF CARE.

- Beneficiaries who are Black and brown or represent underserved communities are disproportionately likely to be enrolled in Medicare Advantage plans. The data also suggests that Black and brown beneficiaries are more likely to disenroll from Medicare Advantage plans, raising questions about the quality of care and experience of patients with greater health needs.
- A [GAO report](#) found that beneficiaries in the last year of life disenrolled from Medicare Advantage at more than twice the rate of all other Medicare Advantage beneficiaries, indicating potential issues with their quality of care in Medicare Advantage. An [earlier GAO report](#) also noted concerns that enrollees in poorer health were more likely to disenroll from Medicare Advantage to FFS, with enrollees often citing problems getting access to care.
- [Most studies](#) show that switching out of Medicare Advantage is more common among minority and high-cost, high-need beneficiaries. The evidence suggests that [Black and Hispanic beneficiaries](#) disenroll from Medicare Advantage at higher rates than whites, [high-need and dually eligible beneficiaries](#) have substantially higher disenrollment from Medicare Advantage compared with non-high-need enrollees, and [disenrollment is higher for minority groups](#) than for whites.

DELAYING OR REQUIRING FURTHER STUDY WILL COST SENIORS AND TAXPAYERS BILLIONS.

- The abusive billing practices by Medicare Advantage plans have been closely studied and analyzed by experts including the [independent Medicare commission](#) created to advise Congress. Multiple [federal lawsuits](#), [audits](#), and [investigations](#) have also documented these abuses.
- We already know the cost of even a one year delay in enacting payment reforms. MedPAC projected these overpayments will cost taxpayers [\\$23 billion in 2023](#) alone. Others have projected these overpayments will cost taxpayers more than [\\$600 billion over the next 8 years](#).