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2024 Issue Brief Improving Medicare Advantage

Issue

Today, over half of all Medicare beneficiaries are enrolled in Medicare Advantage (MA) plans.ⁱ AMGA members care for many of these patients. As a financing model emphasizing preventative care and value, MA aligns with the goals of both multispecialty medical groups and integrated systems of care, resulting in improved care at a reduced cost. MA plans incentivize team-based care, resulting in the provision of the right care at the right time. Congress should ensure MA reimbursement supports the ability of multispecialty groups and integrated system of care to deliver high-quality care to beneficiaries, while also reviewing any policies, such as prior authorization, which result in care delays and administrative burdens and reduce the use of these policies in MA plans.

With its supplemental benefits and cap on out-of-pocket costs, MA provides an attractive benefits package for beneficiaries and offers providers flexibilities not available under fee-for-service (FFS) Medicare. Our member groups see the value and stability in the MA program, as it provides a consistent set of rules and a financing mechanism that allows them to focus on delivering high-quality care, which fosters care coordination. AMGA and our members are invested in the stability of the MA program, and we support policies that will allow plans to continue to offer robust benefits to their enrollees. AMGA is concerned recent changes are limiting the attractiveness of MA.

Last year, the Centers for Medicare & Medicaid Services (CMS) in its Calendar Year (CY) 2024 for MA Capitation Rates and Part C and Part D Payment Policies Announcement changed the program's risk-adjustment model. At the time, AMGA recommended against changing the Hierarchical Condition Categories (CMS-HCC) model. AMGA believed that removing codes from the HCC model would not address discretionary coding variation, but rather would remove distinct clinical differences from the model. Additionally, removing codes from the HCC model would significantly impact providers' financial stability and enrollee access to services.ⁱⁱ While CMS is phasing in the changes to the model, AMGA members report the changes already are having a negative effect on the program. For example, under the final CY 2025 Advance Notice, the benchmark rate will decrease by 0.16% due to changes to the effective growth rate, risk model revisions, fee-for-service normalization factors, and changes to Star Ratings.ⁱⁱⁱ In response, insurers report they are considering changes to their Medicare Advantage offerings, including cuts in benefits and the number of plans they offer.

AMGA also recommends Congress examine MA plans' prior authorization practices. Prior authorization serves as an administrative burden and an impediment to timely healthcare delivery. This year, CMS finalized the Interoperability and Prior Authorization Final Rule, which is

designed to improve and streamline the prior authorization process. AMGA supports this goal but emphasizes that the most appropriate way to reduce the administrative burdens associated with prior authorization is to minimize and/or eliminate its use when at all possible, particularly in value-based models of care that have inherently different incentives than FFS models and are designed to promote the most efficient use of resources. We urge policymakers to continue to address prior authorization policies and their impact on patient care.

As provider organizations, AMGA members are facing the possibility of staffing reductions, eliminating programs, and reevaluating their strategic plans to account for the reductions in MA. The effect of these changes to MA will not be restricted to the plans or the insurance industry. Instead, the ramifications quickly will reach patients and providers.

AMGA believes in the importance of striving toward a more equitable healthcare system. It is essential that our member multispecialty medical groups and integrated systems of care have access to tools that accurately reflect the needs of the patient populations they serve. MA plans serve a higher proportion of minority beneficiaries and those with social risk factors than Medicare FFS. According to recent data, 54% of MA beneficiaries identify as racial and ethnic minorities. MA plans also have a higher concentration of low- and modest-income patients.^{iv} MA plans allow providers to prescribe an array of innovative treatment interventions outside of the traditional Medicare FFS structure. These interventions are the key to addressing longstanding health and racial disparities. Congress must continue to promote policies that reduce significant contributors to poor health outcomes.

AMGA asks Congress to:

- **Consider the impact of cuts to MA that will result in:**
 - **Decreased beneficiary access**
 - **Adverse effects on minority beneficiaries and those with higher social risk factors as that patient population enrolls in MA plans more than in traditional Medicare**
 - **Decreased care coordination and care management for the chronically ill**
- **Ensure that prior authorization processes are analyzed and reduced or removed to ensure access to timely quality care**

ⁱ Ochieng, et. al., A Snapshot of Sources of Coverage Among Medicare Beneficiaries, KFF, 2023, [kff.org/medicare/issue-brief/a-snapshot-of-sources-of-coverage-among-medicare-beneficiaries/#:~:text=In%202021%2C%20Medicare%20Advantage%20covered,%25%20of%20all%20eligible%20beneficiaries](https://www.kff.org/medicare/issue-brief/a-snapshot-of-sources-of-coverage-among-medicare-beneficiaries/#:~:text=In%202021%2C%20Medicare%20Advantage%20covered,%25%20of%20all%20eligible%20beneficiaries)

ⁱⁱ AMGA Letter on CMS-HCC Risk Adjustment, 2023, [amga.org/getmedia/75400037-5d72-48e9-94e0-bedf7fb2dd73/AMGA_CY24_MA_Advance_Notice_Final_3-6-23.pdf](https://www.amga.org/getmedia/75400037-5d72-48e9-94e0-bedf7fb2dd73/AMGA_CY24_MA_Advance_Notice_Final_3-6-23.pdf)

ⁱⁱⁱ AMGA Letter Objecting to Medicare Advantage Rate Cuts”, 2024, <https://www.amga.org/about-amga/amga-newsroom/press-releases/4032024>

^{iv} Better Medicare Alliance, *State of Medicare Advantage 2023 Report*, BMA, 2023, bettermedicarealliance.org/publication/state-of-medicare-advantage-2023/