

AMERICA'S
PHYSICIAN
GROUPS 

WASHINGTON UPDATE



February 10, 2023

Welcome to "Washington Update," the weekly e-newsletter on the latest health care happenings in the nation's capital that affect APG's members.

Know people who may enjoy receiving it? **Forward this email and have them email communications@apg.org to be added to the subscription list.** And remember to visit **APG's website** for more news and resources, or contact a member of APG's Washington, DC, policy and communications team below.

Matt DoBias
Vice President, Congressional Affairs
mdobias@apg.org

Jennifer Podulka
Vice President, Federal Policy
jpodulka@apg.org

Garrett Eberhardt
Executive Director, Medicaid Policy
geberhardt@apg.org

Greg Phillips
Director of Communications
gphillips@apg.org

Table of Contents

- **APG Calls on CMS to Delay Changes to Risk Adjustment to Allow Stakeholder Review**
- **Biden's SOTU Pledge to Shield Medicare Comes Under Early Test**
- **Providers Seek Clarity on Effect of Telehealth Flexibility Extension on MA**

APG Calls on CMS to Delay Changes to Risk Adjustment to Allow Stakeholder Review

As reported [last week](#) in *Washington Update*, CMS has [proposed changes](#) to the Medicare Advantage (MA) risk adjustment system that will have significant implications for MA plans and their contracted provider groups. APG issued a [statement](#) this week, highlighting issues with the agency's proposals, protesting the likely impact on value-based care and health equity, and calling for at least a one-year delay to allow time for stakeholder review and feedback.

APG disagrees with the justification that CMS provided for at least some proposed risk adjustment changes – namely, the fact that there are large and excessive differences in the diagnoses coded in MA versus fee-for-service Medicare. APG argues that this comparison is itself illogical, since the fee-for-service system was

never designed to capture information on diagnoses, whereas that information is essential for MA plans and providers because of the need for risk adjustment. As the chair of MedPAC, Michael Chernew, has frequently said, fee-for-service Medicare is if anything “under coded.”

Comments on CMS’s Advance Notice are due back to the agency on March 3. APG has asked member organizations to share their analyses of the likely implications of CMS’ proposed changes on their own Medicare Advantage business and patients. Multiple groups have already reported that their analyses predict large potential revenue losses that could seriously affect patients’ access and benefits.

At the first of two stakeholder sessions for member groups that APG held this week, members pointed especially to serious negative impact on groups caring for chronically ill, dually eligible populations, and potential inability to maintain supplemental MA benefits to address these enrollees’ health-related social needs. “God forbid this goes forward, as the impact on our beneficiaries is going to be significant,” said Stacey Hrontas, CEO of Sharp Rees-Stealy Medical Centers. “Clearly we’re going to be forced to degrade [and] reduce benefits and add cost sharing.” She added that the impact will be primarily felt by patients “with the most need.”

To share additional comments and concerns, please contact Jennifer Podulka at jpodulka@apg.org.

Biden’s SOTU Pledge to Shield Medicare Comes Under Early Test

President Joe Biden used his State of the Union to take a dig at “some Republicans,” whom he said “want Medicare and Social Security to sunset.” Seeming to reference Sen. Rick Scott (R-FL), who in fact earlier proposed that all federal legislation sunset after five years, Biden quickly added, “I’m not saying it’s the majority” of Republicans who propose such a step. Then, amid a chorus of boos and catcalls, including from many Republicans in the audience, he said he detected a “conversion” – and a bipartisan consensus that Medicare should be off the table for cuts amid deficit-reduction talks and the struggle over raising the limit on the U.S. federal debt.

The vignette captured the intense politics that will continue to play out around Medicare and other so-called [mandatory programs](#) in coming months. But posturing over protecting Medicare could come back to bite the administration, given its proposed changes to the MA program described above. Although the Advance Notice for Medicare Advantage payment projects an overall 1 percent positive financial update to health plans, it in fact could instead usher in steep payment reductions for many plans and their contracted providers, with particular potential impact on care of the chronically ill. Biden’s critics on Capitol Hill have already begun to [call out](#) the president for the expected rate reductions, drawing few distinctions between traditional Medicare and MA.

APG will continue to maintain its bipartisan posture even as we press CMS for a delay or changes in the proposals set forth in the Advance Notice. With our members’ help, APG will focus on educating and promoting value-based care initiatives as the alternative to fee-for-service medicine across the board and may

press for Congressional relief if substantial negative impact on the MA program appears to be inevitable otherwise.

Providers Seek Clarity on Effect of Telehealth Flexibility Extension on MA

The Medicare telehealth flexibilities that were included under the COVID public health emergency will be extended through 2024, thanks to the year-end federal spending package signed into law last December. But it's less clear if diagnoses collected during telehealth visits will continue to be permitted for MA risk adjustment purposes. Under the public health emergency, CMS has allowed diagnoses collected during telehealth visits to be used in risk adjustment if audio-visual telehealth – not an audio-only visit – is used.

APG has contacted CMS to clarify the matter and will report back to members when it learns the answer.

###