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

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Medicare Advantage Star Ratings Sink as Quality Scores Fall

Bonus payments that Medicare Advantage (MA) plans can receive for achieving quality measures in the Star Rating system will be reduced beginning in 2024, as a result of several policy changes taking effect from now through the next several years. Coming on top of changes to MA's risk adjustment model announced earlier this year, the impact could be a double whammy on many MA plans that could squeeze their revenues, prompt reduced payments to MA providers, yield fewer supplemental benefits for MA enrollees, or some mix of all three.

As a result of the policy changes, the average Star Rating for MA plans offered in 2024 will be 4.04, down from 4.14 in 2023, while the share of plans earning 4 stars or more – the threshold for earning quality bonuses – will fall from 51 percent in 2023 to 42 percent next year. The changes will mean substantial hits for 5-star plans, as the number of plans in that category falls to 31 in 2024 from 57 in 2023.

The Four-Star Charm: Star ratings affect MA plans' payments through adjustments in the so-called benchmark – the amount of historical

spending in traditional Medicare against which MA plans must bid – as well as in the rebates received if a plan's bid falls below the benchmark. (The rebate must be used to lower out-of-pocket costs or provide enrollees extra benefits, such as dental or vision care.) If MA plans earn at least four stars, they receive quality bonus payments on top of the rebates, which must also be used to benefit enrollees. They also get a bump in their benchmarks of either five percentage points for most plans, or 10 percentage points for plans in designated urban counties with low traditional Medicare spending and historically high Medicare Advantage enrollment.

The complex **policy changes** now driving down Star ratings include the end of pandemic-era flexibilities in how the ratings are calculated, as well as CMS's adoption of a new methodology designed to reduce the effect of statistical outliers on the ratings. The latter change may mean that Star ratings continue to tumble next year as well.

So far, the reductions in MA quality bonuses don't appear to be translating into higher premiums or lower supplemental benefits for MA enrollees in 2024. But the extent of the impact on payments to contracted providers remains to be seen. The effects on supplemental benefits, plan premiums, and providers' contracted rates may be more substantial in 2025 as provider contracts come up for renewal. APG will monitor these outcomes and keep members apprised of developments.

Medicare Advantage Phantom Networks and Costly Marketing Practices Draw Senate Scrutiny

MA plans were on the hotseat this week at the Senate Finance Committee, as several members unveiled bipartisan legislation taking aim at "ghost" networks that feature inaccurate listings or providers unavailable to see MA enrollees. At a panel hearing, they also lambasted brokers and other "middlemen" for exploiting older adults and raised concerns about other plan practices, ranging from prior authorization denials to upcoding.

Introduction of the **Requiring Enhanced & Accurate Lists of Health Providers (REAL) Act** follows a small "secret shopper" **study** by the committee's Democratic staff that showed that, of 120 listings of mental health providers that staff called, a third led to inaccurate, non-working number or unreturned calls. Staff could only make appointments 18 percent of the time, leading to the conclusion that more than 4 of 5 mental health providers listed in the network were, in fact, "ghosts."

The bill would tighten requirements for MA plans to maintain accurate and updated provider directories; ensure that patients did not pay out-of-network costs for appointments with providers incorrectly listed in their plan's provider directory as in-network; and direct the Centers for

Medicare & Medicaid Services (CMS) to publish guidance for plans to maintain accurate provider directories.

On marketing, Committee Chair Ron Wyden (D-OR) blasted private marketing companies that collect information on older adults and then sell it to numerous health plans, so that consumers are flooded with calls and marketing materials, particularly during open enrollment season, which is currently under way. As for health plan brokers, although CMS sets maximum broker commissions by state, many broker charges are said to greatly exceed authorized levels. Wyden, who said overall MA plan marketing costs taxpayers $6 billion a year, is also preparing legislation aimed at tightening up on marketing practices.

In the meantime, APG members should prepare for additional provider directory audits, scrutiny of prior authorization denials, and inquiries over patients' access to timely appointments.

Key House Panel Hearing on Physician Payment Policies Starts – Then Stops

The House Committee on Energy and Commerce's health subcommittee launched a **hearing** this week intended to take up a slew of measures on Medicare physician payment policies and beneficiaries' access to care. But the hearing was soon suspended amid the ongoing turmoil over electing a new House speaker.

It's not clear when the panel will be able to get back to work. APG will continue to monitor the measures it was supposed to consider, including the following:

- A **discussion draft** that would exempt providers participating in Medicare Advantage (MA) from Merit-Based Incentive Payment System (MIPS) payment adjustments.
- The **Fewer Burdens for Better Care Act of 2023**, which seeks to balance the need for quality measures with minimizing reporting burden for physicians.
- A **discussion draft** that would extend the current 3.5 percent Advanced APM incentive for one year, freeze the qualifying thresholds, and apply a 5-year participation cap retroactively.
- The **Improving Seniors Timely Access to Care Act of 2023**, which would establish additional requirements for prior authorization in MA plans.

APG Announcements and Offerings

- APG will host two webinars this month. One on "**Medicare Advantage – How to Prepare for 2024**" will take place on Wednesday, October 25, at noon ET. Register for the meeting **here**. Another one, "**CMS's new Guiding an Improved Dementia Experience (GUIDE) Model**", will occur on Thursday, October 26, at 3:00 pm ET. Register for that meeting **here**.
- **Online registration** for the **APG Fall Conference 2023** in Washington, DC, October 30 – November 1, closes October 26. Onsite registration at the Grand Hyatt opens October 30 at 9:30 am ET.

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