AMERICA'S PHYSICIAN GROUPS

March 1, 2024

Chiquita Brooks-LaSure
Administrator, Centers for Medicare & Medicaid Services
Department of Health and Human Services
Hubert H. Humphrey Building
200 Independence Avenue, SW
Washington, DC 20201

Submitted via https://www.regulations.gov/commenton/CMS-2024-0006-0001

Re: Advance Notice of Methodological Changes for Calendar Year (CY) 2025 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies (CMS-2024-0006)

Dear Administrator Brooks-LaSure:

America's Physician Groups (APG) appreciates the opportunity to respond to the Advance Notice of Methodological Changes for Calendar Year (CY) 2025 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies. APG welcomes your agency's openness to stakeholder input and your ongoing commitment to improving health care for all Americans.

Below, APG will first provide (I) a brief description of our organization, followed by (II) a summary of CMS's proposals, (III) a summary of APG's recommendations, and then (IV) our fuller comments and recommendations. Together they reflect the voice of APG's membership and the commitment to working with the agency to ensure that all Medicare beneficiaries have consistently accessible, high-quality, equitable, person-centered health care. This commitment pertains to all Medicare beneficiaries, regardless of whether they receive their benefits through the traditional, fee-for-service program or through a Medicare Advantage or Medicare Prescription Drug Benefit Program plan.

I. About America's Physician Groups

APG is a national association representing more than 360 physician groups that are committed to the transition to value, and that engage in the full spectrum of alternative payment models and

Medicare Advantage (MA). APG members collectively employ or contract with approximately 195,000 physicians (as well as many nurse practitioners, physician assistants, and other clinicians), and care for approximately 90 million patients, including roughly 30 percent of all Medicare beneficiaries who are enrolled in MA.

APG's motto, "Taking Responsibility for America's Health," underscores our physician groups' preference for being in risk-based, accountable, and responsible relationships with all payers, including MA health plans, rather than being paid by plans on a fee-for-service basis. Delegation of risk from payers to providers creates the optimal incentives for our groups to provide integrated, coordinated care; make investments in innovations in care delivery; advance health equity; and manage our populations of patients in more constructive ways than if our members were merely compensated for the units of service that they provide.

II. CMS's Advance Notice

CMS's Advance Notice sets forth the agency's proposed policies for 2025 and provides an estimate of how these policies will interact with market trends to affect MA plans' expected change in revenue. This projection differs from payment updates that other Medicare providers receive each year, in that it reflects an average change in revenue across MA plans with a range of experience around that average and is the product of multiple factors that contribute to MA plans' revenue.

CMS projects that the average revenue across MA plans will be 3.7 percent greater in 2025 than in 2024. The agency arrives at this projection, in part, by estimating that plans will submit diagnostic information that results in risk scores and resulting payments that are 3.86 percent greater on average in 2025 than this year. Without the impact of this risk trend, the average change in revenue would be negative, at –0.16 percent. The agency's projection also reflects an effective benchmark growth rate, which, per statute, reflects per capita spending for fee-for-service (FFS) beneficiaries of 2.44 percent.

The policy proposals included in the Advance Notice that are most germane to APG members include the following:

- **MA V28 HCC risk model:** CMS plans to continue to phase-in the new version 28 (V28) of the Hierarchical Conditions Category (HCC) risk model as finalized in the agency's 2024 Rate Announcement. Risk scores for 2025 will be weighted one-third using the prior version of the risk model and two-thirds using V28. In addition, CMS proposes to adopt a new FFS normalization methodology and include the 2021 data year that had been excluded due to COVID-19 impacts.[1]
- **Medical education costs:** CMS also plans to continue to phase out indirect and direct graduate medical education costs from inclusion in MA benchmarks. For 2025, two-thirds of this removal will be applied.
- **Puerto Rico benchmarks:** CMS seeks comments on two policies to establish MA benchmarks that better account for Puerto Rico's unique characteristics: 1) basing benchmarks on the higher cost of people in FFS Medicare who have both Parts A and B and 2) adjusting benchmarks to reflect the higher rate of beneficiaries with zero claims. (For more information, see the section below on **Puerto Rico Benchmarks**.)

[1] The FFS normalization factor is an adjustment to risk scores to keep the average risk score at 1.0 by accounting for the expected growth in the average FFS risk score over time.

- **Part D risk adjustment:** CMS proposes to update the Part D risk adjustment model to reflect the redesign of the Part D benefit in the Inflation Reduction Act; to calibrate the model using more recent data years; and to adopt two normalization methodologies to reflect differences between Medicare Advantage prescription drug (MA-PD) plan and stand-alone prescription drug plan (PDP) risk score trends.
- **Star Ratings:** CMS indicates that the agency continues to move toward adopting Universal Foundation measures to align quality measures across all Medicare programs and proposes technical changes to several quality measures. (For more information, see the section on **Star Ratings**.)

III. Summary of APG's Recommendations

A. Recommendations Related to Puerto Rico Benchmarks

- **APG recommends that CMS finalize the proposal to apply an adjustment to MA benchmarks for Puerto Rico counties of at least +4.4 percent to reflect the higher rate of Puerto Rico beneficiaries with zero claims.**
- **APG recommends that CMS finalize the proposal to base Puerto Rico MA benchmarks for all counties on the per capita expenditures of beneficiaries in fee-for-service (FFS) Medicare who have both Parts A and B and are, therefore, eligible to enroll in MA.**

B. Recommendations Related to Star Ratings

- **APG recommends that CMS finalize the proposals that move toward adoption of Universal Foundation quality measures and accelerate the timeline for adoption of these measures.**
- **APG recommends that CMS finalize the addition of two questions in care coordination surrounding review of test results with patients as a display-only measure for two years.**
- **APG recommends that CMS not adopt measures related to social connection and utility insecurity screenings until it has (1) considered from a cost-benefit standpoint – and published its analysis of – the relative value of adding more measures that will increase the reporting burden for patients, providers, and plans; (2) provided clarity on the evidence-based interventions that plans or providers would be expected to undertake to address beneficiaries' challenges in these areas; (3) ruled out that useful information about MA beneficiaries' social connections or utility insecurity could be collected in alternative ways; and (4) provided clear evidence that this information would not be collected unless linked to a Star Ratings measure.**

IV. APG's Detailed Comments and Recommendations

APG appreciates CMS's ongoing efforts to update MA payment rates and other technical aspects of the program to keep these up-to-date and accurate. The agency clearly strives to be a responsible steward of the Medicare Trust Funds while improving the MA program for the growing number of beneficiaries who choose this enrollment option. APG is especially grateful that CMS announced no modifications to the new V28 risk adjustment model phase-in schedule or to the model itself. Maintaining the model and phase-in schedule that was finalized last year allows MA plans, providers, and researchers to evaluate the impact of the new model as data become available before additional changes are considered.

Several APG members have raised concerns about the average revenue change across MA plans announced in the Advance Notice and anticipate the possibility of significant negative impact across at least some of the MA plans with which they contract to provide beneficiary services. MA plans could take multiple steps to adapt, but the consequences could include reduced or eliminated benefits for MA enrollees, increased premiums and cost sharing, and reduced provider payments. The ultimate impact will only be clear once MA organizations finalize their plan benefit packages and submit their bids later this year, and CMS finalizes and releases this information.

APG also recognizes that, as CMS routinely emphasizes in the Advance Notice, the agency's estimate of expected average change in revenue is an average across all MA plans. Thus, although it is likely that some plans would experience declines in revenue in 2025, it is likely that others would not, and still others could experience revenue gains. This range of experience could include differences across geographic markets, types of plans, and other characteristics. It is likely that APG groups will also contract to provide services with some of this plans that will not be negatively affected by the proposed rate changes.

We request that in the final 2025 Rate Announcement, CMS provide greater clarity about its reasoning underlying the decision to rely on three separate normalization methodologies: one for MA, one for MA-PD plans, and one for PDPs.

APG notes a concern highlighted by the effective growth rate that contributes to the expected average change in revenue but recognizes that this concern is outside of CMS's statutory authority to address. Many APG member organizations that participate in MA, as well as in accountable care organizations (ACOs), report that their patients continue to manifest an increased need for health services and procedures that appear to be linked to delays stemming from decreased use of services during the height of the COVID-19 pandemic. CMS actuaries, who are required by statue to assess FFS utilization rates to establish MA benchmarks, are for unknown reasons not detecting a similar rebound in services among FFS beneficiaries. APG looks forward to the effect of CMS's planned incorporation of additional claims data for the final quarter of calendar 2023 on the expected average revenue change that will be included in the final Rate Announcement. Inclusion of more recent data has tended in past years to result in an increase in expected average revenue change.

APG further notes that its concern that the divergence in trend referenced above points up the ongoing issues related to basing MA payments on benchmarks derived from fee-for-service Medicare. These divergent trends may only increase as more Medicare beneficiaries continue to enroll in MA, leaving an ever smaller, less-representative cohort in FFS. APG will work with Congress to advocate for the consideration of appropriate alternative methods for constructing MA benchmarks.

A. Puerto Rico Benchmarks

CMS is considering two policies to modify MA benchmarks to better account for Puerto Rico's unique characteristics: 1) basing benchmarks on the higher cost of people in fee-for-service (FFS) Medicare who have both Parts A and B and 2) adjusting benchmarks to reflect the relatively higher rate of beneficiaries in Puerto Rico with zero claims, such as by increasing benchmarks by 4.4 percent, as the agency is doing in 2024 . Distinctive facts relative to Puerto Rico are that its residents are far more likely than the national U.S. average to be enrolled in MA as opposed to FFS Medicare, to have only Part A coverage, and – for anomalous and poorly understood reasons – to have zero Medicare claims in any given year.

APG appreciates CMS's consideration of policies to address the impact of these distinctive Puerto Rico characteristics. APG agrees that implementation of CMS's proposed policies will ensure that Puerto Rico MA benchmarks better reflect the FFS per capita expenditures that are required to inform MA benchmarks, per statute.

In summary:

- **APG recommends that CMS finalize the proposal to apply an adjustment to MA benchmarks for Puerto Rico counties of at least +4.4 percent to reflect the higher rate of Puerto Rico beneficiaries with zero claims.**
- **APG recommends that CMS finalize the proposal to base Puerto Rico MA benchmarks for all counties on the per capita expenditures of beneficiaries in fee-for-service (FFS) Medicare who have both Parts A and B and are, therefore, eligible to enroll in MA.**

B. Star Ratings

The Advance Notice indicates that CMS continues to move toward adopting Universal Foundation measures to align quality measures across all programs, including MA, traditional FFS Medicare, ACOs, and others. In addition, CMS proposes adding a new social needs screening measure that will be displayed for two years before contributing to quality scores. CMS notes that NCQA is exploring the addition of Utilities Insecurity (i.e., challenges with paying for heat, water, etc.) to the Social Need and Intervention measure for measurement year 2026.

For 2025, CMS also proposes technical changes to several quality measures, including updating the breast cancer screening guidelines, the clinical codes used for eye exams, statin therapy denominator, and follow up after hospitalization for mental illness denominator. In addition, the importance of reviewing test result scores will be reinforced with the addition of two new questions regarding care coordination. CMS also indicates that the agency is considering adding multiple additional measures in future years, including those related substance use disorder, cancer screening follow-up, social connection screening, chronic pain assessment, and functional status assessment follow-up.

APG appreciates CMS's commitment to move toward Universal Foundation measures to align all programs and minimize burden for providers. Moving to a standardized group of quality measures will

not only decrease provider burden but will also facilitate CMS's ability to measure and compare quality differences across different Medicare populations, such as traditional Medicare, ACOs, and MA.

APG welcomes CMS's efforts reflected in the proposed technical changes to improve the accuracy of measurement. We also appreciate that CMS indicates that any new substantive change to quality measures will remain on a display page for at least two years before having any impact on quality scores, as this time period will allow providers to modify workflow to capture information related to these updated measures. APG supports all proposed technical changes that update measures to better reflect the populations being measured.

At the same time, APG is concerned with the scope of measures that CMS is considering adding in future years. The expansion of Star Ratings measures seems to be at odds with moving toward a Universal Foundation of fewer measures aligned across multiple CMS programs.

In addition, APG members have expressed concerns about some specific measures under consideration for future inclusion that relate to social determinants of health (SDOH) challenges, such as social connection and utility insecurity screenings. Although it would no doubt be useful to know that MA enrollees lack social connections or cannot afford their utility bills, it is not clear what actionable steps MA plans, or the providers who may have to collect these data, could or should take with this information. It is also possible that there are even better sources of this information that CMS or even MA plans could access at the aggregate level on beneficiaries' behalf.

Although APG shares CMS's desire to address Medicare beneficiaries' SDOH challenges, it urges the agency not to adopt measures related to social connection and utility insecurity screenings until it has considered from a cost-benefit standpoint (1) the relative value of adding more measures that will increase the reporting burden for patients, providers, and plans, (2) without sufficient clarity on the interventions that plans or providers would be expected to undertake to address particular challenges, and (3) without clear evidence that needed information could be collected about beneficiaries in alternative ways.

In summary:

- **APG recommends that CMS finalize the proposals that move toward adoption of Universal Foundation quality measures and accelerate the timeline for adoption of these measures.**
- **APG recommends that CMS finalize the addition of two questions in care coordination pertaining to review of test results with patients as a display-only measure for two years.**
- **APG recommends that CMS not adopt measures related to social connection and utility insecurity screenings until it has (1) considered from a cost-benefit standpoint – and published its analysis of – the relative value of adding more measures that will increase the reporting burden for patients, providers, and plans; (2) provided clarity on the evidence-based interventions that plans or providers would be expected to undertake to address beneficiaries' challenges in these areas; (3) ruled out that useful information about MA beneficiaries' social connections or utility insecurity could be collected in alternative ways; and (4) provided clear evidence that this information would not be collected unless linked to a Star Ratings measure.**

V. Conclusion

APG appreciates and welcomes CMS's proposed policies in this Advance Notice and supports the agency's ongoing efforts to ensure that payment rates and other technical aspects of the MA and Part D programs are up-to-date and accurate. APG encourages CMS to consider the modifications to the proposed policies described in this letter to further refine the proposed policies and help to avoid unintended consequences.

Sincerely,

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