MA for TOMORROW
ACHP'S VISION FOR MEDICARE ADVANTAGE

ADVANCING RISK ADJUSTMENT FOR CARE, NOT CODES

Risk adjustment should be used to provide sufficient resources for health plans and providers to manage care effectively. Too often MA plans look to maximize risk adjustment to drive financial goals. Care becomes the afterthought. In today's upside-down MA environment, MedPAC affirmed that aggressive coding delivers bigger payments to plans than top quality ratings.[1] This business practice does not benefit seniors and contributes to an unequal playing field for health plans. High-quality plans that meet consumers' needs should be rewarded over companies that chase risk adjustment revenue.

CMS has been collecting MA encounter data for over 10 years.

MA for Tomorrow establishes a risk adjustment program that provides resources to care for all disease factors and demographic characteristics of each consumer while limiting opportunities to game for financial gain.

***MA for Tomorrow* will shift the focus of risk-adjustment to care not coding by:**

1. Calibrating the Risk Adjustment Model on MA Encounter Data

The current risk adjustment model is calibrated using fee-for-service claims data and does not account for differences in coding patterns between volume-based and value-based care.

***MA for Tomorrow* recalibrates the risk adjustment model to use MA encounter data – which documents an individual's diagnoses, treatments and services – to improve payment accuracy and mitigate the effects of overly aggressive coding.**

CMS has collected MA encounter data for more than a decade and has the authority to use this information to calibrate a risk adjustment model that more accurately reflects care needs for patients and removes opportunities to code inappropriately.

2. Tiering the Coding Intensity Adjustment

All MA plan payments are adjusted for the health status of each senior, providing plans with financial resources to deliver comprehensive care for individuals with more complex conditions and higher medical costs. The more documented conditions a consumer has, the higher the risk score and the higher the payment. The Affordable Care Act requires CMS to apply an intensity adjustment to account for differential coding practices between traditional fee-for-service Medicare and MA. CMS currently applies a standard adjustment to all MA plans despite the significant variance in coding intensity by plan. As coding practices differ, so should the coding intensity adjustment.

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***MA for Tomorrow* applies different levels of coding intensity by tiering plans based on coding aggressiveness and targeting larger adjustments to plans that are significantly higher than the industry average.**

Tiering coding intensity adjustments will deter outliers, reduce aggressive coding behavior and level the playing field in MA to benefit seniors. CMS has the authority to tier the coding intensity adjustment and establish its methodology through the annual Rate Notice and MA and Part D regulation.

3. Targeting Risk Adjustment Data Validation (RADV) Audits

RADV audits are an important program integrity tool to recover improper overpayments made to health plans and discourage aggressive risk adjustment. Audits are expensive and time consuming for plans and regulators. To be most impactful, audits cannot be random; they must focus on health plans with higher likelihood for coding abuses.

***MA for Tomorrow* targets RADV based on criteria that focus audits on the health plans with significant risk adjustment deviations from the industry average.**

Establishing clear RADV guidelines and targeting audits creates a more efficient, effective program that curtails bad actors and protects the Medicare dollar. Following the RADV audit guidelines in the final January 2023 regulation, CMS should clarify the criteria for selection in sub-regulatory guidance or future regulation.

1. Medicare Payment Advisory Commission. 2023. Report to the Congress: Medicare Payment Policy

For more information please contact us at info@MAforTomorrow.org.