THE
NATIONAL LAW REVIEW

CMS Proposes Changes to Medicare Advantage Program for CY 2020

Wednesday, February 6, 2019

CMS recently proposed several important changes for the Medicare Advantage ("MA") program that relate to payment, benefit design, and new actions to combat the opioid crisis. These changes, among others, were proposed in Parts I and II of the Advance Notice and Draft Call Letter, as well a recent announcement by CMMI. Here, we take a look at the proposed changes to risk adjustment payments, supplemental benefits, and a value-based insurance design model; all working toward CMS's goal of maximizing coverage and competition. Check out our prior post discussing CMS's Part D Payment Modernization Model, and stay tuned for our upcoming discussion of CMS's next steps to combat opioid misuse.

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Risk Adjustment Payments

By way of background, the 21st Century Cures Act requires CMS to update the risk adjustment model to take into account the number of conditions an individual enrollee may have and make an adjustment to payment as that number increases. To this end, CMS proposes in its Advance Notice to update the CMS-HCC Risk Adjustment model to include a payment variable related to the number of conditions an individual beneficiary is diagnosed with. CMS seeks comments regarding which of two potential versions of the updated model to implement for 2020 payments.

- **Version 1:** This version is the same as one proposed but not finalized in the 2019 Rate Announcement. Dubbed the "Payment Condition Count" or "PCC" model, it includes factors that take into account the number of conditions each beneficiary has. In the current CMS-HCC model, the predicted cost for a hierarchical condition category ("HCC") is not impacted by the presence of other conditions unless that specific HCC is part of a disease interaction. The PCC model would include a separate factor for the count of conditions, regardless of what those conditions may be, and as the number of conditions increases, an adjustment would be made to the total predicted cost (i.e., the risk score).
- **Version 2:** This version is exactly the same as the PCC model, but it includes HCCs for pressure ulcers and dementia that are not in the current risk adjustment model.

For 2020, CMS proposes phasing in the new model with a blend of 50% of the risk adjustment model first used for payment in 2017 and 50% of the new model proposed.

Supplement Benefits

The Draft CY2020 Call Letter proposes to give MA plans flexibility to provide certain enrollees with a broader range of supplemental benefits tailored to specific needs. Traditionally, MA plans have only been allowed to offer "primarily health related" supplemental benefits and must offer them to all enrollees. But, beginning in 2019, CMS allowed MA plans to offer targeted supplemental benefits for specific enrollee populations based on health status or disease state, so long as the supplemental benefits are offered uniformly. The goal of this flexibility is to help MA plans better manage health care services for particularly vulnerable enrollees.

The Bipartisan Budget Act of 2018 allows MA plans, beginning with CY2020, to offer non-primarily health related supplemental benefits to chronically ill enrollees (e.g., transportation for non-medical needs, home-delivered meals beyond the current allowable limited basis, food, and produce). This law also permits CMS to waive uniformity requirements with respect to supplemental benefits provided to a chronically ill enrollee under the new provision, allowing MA plans to vary supplemental benefits based on the individual enrollee's specific medical condition and needs.

CMS provides guidance about these new supplemental benefits for the chronically ill, including the definition of a chronic condition and how to submit these benefits in the MA bid in the Draft Call Letter and seek stakeholder feedback. CMS will accept comments on all proposals in Part I and Part II through Friday, March 1, 2019. Comments can be submitted electronically at https://www.regulations.gov; enter the docket number "CMS-2018-0154" in the "Search" field, and follow the instructions for "submitting a comment."

Value-Based Insurance Design

In addition to the Advance Notice and Call Letter, CMS recently announced innovations that CMMI plans to test through the Value-Based insurance Design (VBID) model for 2020. CMS began using the VBID model in 2017 to test the impact of providing MA plans with the ability to offer reduced cost sharing or additional supplemental benefits to enrollees with specific chronic conditions. Until now, the VBID model has only been tested in select states. However, beginning in CY2020, MA plans in all 50 states and in U.S. territories are eligible to apply for the innovations being tested through the VBID model, including Regional Preferred Provider Organizations (RPPO) and all categories of Special Needs Plans (SNPs).

VBID gives MA plans the ability to further target benefit design towards enrollees based on chronic conditions and socioeconomic characteristics, such as eligibility for LIS payments or dual-eligibility. Additionally, the VBID model for CY2020 will allow participating MA plans to propose using telehealth services instead of in-person visits to meet network adequacy requirements and to engage with enrollees by offering broader rewards and incentives programs. Participating MA plans will also be required to offer enrollees improved and timely access to Wellness and Health Care Planning (WHP), including advance care planning. CMMI is accepting applications to participate in the VBID Model for CY2020 through March 1, 2019.

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