

# Medicare Advantage

## Payment Year 2021 Advance Notice – Parts 1 & 2

### Review of Key Proposals with Expert Insight

February 2020

**PULSE8** is privileged to bring you an insightful summarization of the important changes and updates to the Medicare Advantage Risk Adjustment and Quality Measures programs for Payment Year 2021.

#### RISK ADJUSTMENT

##### Continued Phase Out of RAPS and the V22 HCC Model

CMS will continue to phase out the V22 HCC model as scored through RAPS data submission while phasing in the V24 HCC model as scored through EDPS data submission. For Payment Year 2021, only **25%** of members' total risk score will be calculated from **V22/RAPS**, with **75%** from **V24/EDPS**. CMS is required by the 21<sup>st</sup> Century Cures Act to have risk scores calculated at **100%** from the **V24/EDPS** model for Payment Year 2022.

##### HCC Models Remaining the Same

CMS has proposed to keep the HCC risk adjustment models used for Payment Year 2020 intact for application in 2021. Both the **V22 HCC** model and the new-for-PY2020, **V24 HCC** model (with its Payment Condition Count design) are expected to **remain the same in make-up, methodology, and risk score coefficient** value setting.

**PULSE8 INSIGHT:** *The Payment Year 2020 V24 HCC model added the disease of **dementia** as a risk score-bearing condition. **HCCs 51-Dementia with Complications** and **52-Dementia without Complications** were added as hierarchical conditions, with 51 trumping 52; however, both HCCs were assigned identical risk score coefficients, thereby effectively making a single, **HCC 51/52 – Dementia** risk score condition.*

*Pulse8's analysis of confirmed **dementia**-diagnosed Medicare Advantage enrollees from Payment Year 2020 (services dates in 2019) data show a median plan prevalence rate between **4.6% and 5.7%**, with the median risk score payment ranging from **\$4.20 to \$6.80, PMPM**. Projecting these results for PY2021, when the V24 HCC model is weighted at 75%, the **PMPM** median range spikes to **\$6.65 and \$10.15**. For PY2022, when V24 is weighted at 100%, the **PMPM** median range tops-out at **\$9.20 to \$13.30**. Factors differentiating a plan's **PMPM** estimates are prevalence of dementia, Risk Factor Type blend, and county premium dollar amount.*

**Proposed Adjustment Variables for PY2021 Risk Payment Calculus**

- **Coding Pattern Adjustment** - All Models: **5.90%**
- **Normalization Factors**
  - Part C V24: **1.097**
  - Part C V22: **1.106**
  - ESRD Dialysis: **1.079**
  - ESRD Functioning Graft: **1.118**
  - Part D: **1.063**
- **CPA and NF Variable-Adjusted Value of 1.000 Risk Score Coefficient**  
 $1.000 \times (1 - \text{Coding Pattern Adjustment}) \times (1 / \text{Normalization Factor})$ 
  - Part C V24  
 $1.000 \times (1 - 0.059) \times (1 / 1.097) = 0.858$
  - Part C V22  
 $1.000 \times (1 - 0.059) \times (1 / 1.106) = 0.800$
  - ESRD Dialysis  
 $1.000 \times (1 - 0.059) \times (1 / 1.079) = 0.872$
  - ESRD Functioning Graft  
 $1.000 \times (1 - 0.059) \times (1 / 1.118) = 0.842$
  - Part D  
 $1.000 \times (1 - 0.059) \times (1 / 1.063) = 0.885$

**Year-to-Year Percentage Impact of All Risk Adjustment Payment Changes**

Figure 1 below is the Payment Year 2021 **Effective Growth Rate to Expected Average Change in Revenue** table published by CMS annually. The table breaks down an estimated average percent change to Medicare Advantage plan revenue as forecasted by inflation to county dollar rates and different, high level, adjustment factor variables applied by CMS.

**Figure 1**

Factors & Adjustment Variable	2021 Advance Notice
<b><u>Effective Growth Rate</u></b>	<b><u>2.99%</u></b>
Rebasing/Re-pricing	TBD
Change in Star Ratings	0.23%
MA Coding Intensity Adjustment	0.00%
Risk Model Revision	0.25%
Encounter Data Transition Impact	0.00%
Normalization Factor	-2.54%
<b>Expected Average Change in Revenue</b>	<b>0.93%</b>

**PULSE8 INSIGHT:** The PY2021 **Expected Average Change in Revenue (EACR)** increase of **0.93%** is significantly lower than both the PY2020 (**5.28%**) and PY2019 (**5.62%**) values. However, there is a trend of the **EACR** projection increasing between Advance Notice and Announcement/Final Notice. Figure 2 below shows the **EACR** percent increase from Advance to Final Notice for the past three Payment Years.

**Figure 2**

Factors & Adjustment Variable	2018		2019		2020		2021	
	A. N.	F.N.	A. N.	F.N.	A. N.	F.N.	A. N.	F.N.
Expected Average Change in Revenue	0.25%	0.45%	1.84%	3.40%	1.59%	2.53%	0.93%	TBD
EACR % Change: Advance Notice to Announcement (Final Notice)	80%		85%		59%		?	

- The average percent increase to **EACR**, Advance to Final Notice, for PY2018, PY2019 and PY2020 is 75%. Applying this average to the PY2021 Advance Notice **EACR** value of 0.93% adds 0.70%, making a new total of 1.63% in **Expected Average Change in Revenue**, PY2021-over-PY2020.
- From PY2016 to PY2020, the to-be-determined, **Rebasing/Re-Pricing** variable from Figure 1 above, has ranged from -0.30% to +0.49% with a median of 0.00% and standard deviation of 0.27%.
- From PY2016 to PY2020, the **Effective Growth Rate** estimate from Figure 1 above, has ranged from 2.70% to 5.62% with a median of 4.20% and standard deviation of 1.04%.

These observations are purposely speculative and open-ended. The **Expected Average Change in Revenue** projection is a highly variable calculation, but it serves industry workers well to be familiar with its trends and to be well-versed in its mechanics.

## QUALITY MEASURES

CMS continues to solicit feedback on new and updated measures as well as providing advance notice for specification changes. There are several Potential New Measure Concepts listed in the report that CMS is exploring, and comments are welcomed.

## MA Star Ratings Highlights

- The policy for adjustments to Star Ratings in the event of extreme and uncontrollable circumstances, such as major hurricanes, etc., is the same as the one implemented for the 2020 Star Ratings and codified in regulation for the 2022 Star Ratings and beyond.

**PULSE8 INSIGHT:** These changes will help stabilize the thresholds and cut points from year to year, however, plans need to be prepared that future cut points will likely increase with the removal of these low performing plans. Pulse8 Qualit8 products can provide plans with the tools that allow preparation for cut point changes and impact oversight on performance, which is critical to managing 5 Star success.

- **2021 Stars**

- PCR (Plan All Cause Readmissions) is moving to Display (year 1 of 2)
  - PCR not included in Improvement Measure calculation
- Member Experience measures moving from weight of 1.5x to weight of 2x
- CBP measure is still on Display (year 2 of 2).
  - In addition, NCQA is considering modifying the denominator to look for two outpatient visits with a dx of HTN in the first six months of the measurement year or year prior. Numerator still assesses the most recent blood pressure reading after the qualifying denominator event.

**PULSE8 INSIGHT:** *Although PCR is moving to display, it will likely be back as a triple weighted STAR measure. It is critical to know where the care gaps are and Pulse8's Qualit8 tool can assist you in keeping your sights on where your plan is tracking with this measure and how you can continue to improve performance.*

*As member experience measures increase in weight, STAR ratings are increasingly important to your revenue as they affect your ability to offer richer benefits to your members and thus improving your member experience.*

- **Newly Proposed**

- Reviewing Appeals Decisions – CMS is now allowing re-openings through June 30
- CMS is encouraging plans to use and reference digital specifications for HEDIS measures
- Some HEDIS measures now allow data from patient-used devices to fulfill numerators (such as home BP machines)
- 2019 saw only one natural disaster impacting Stars (Puerto Rico earthquake, 12/28/2019), compared to 2018 which included an earthquake, wildfires, a typhoon, and two hurricanes
- Transition of Care is under consideration to allow numerator information to be captured from the outpatient medical record as well as other information accessible to the provider. This change would also ensure that scores for TRC and MRP measure would match. This would remain a display measure.
- New Opioid measures and Mental health/substance abuse measures on Display Page (these are likely candidates to move to STARS measures in the future)

**PULSE8 INSIGHT:** *CMS is aligned with the NCQA movement to ECDS measure reporting. Successful organizations should be shifting to keep with the demands by using a Member Centered approach that taps into electronic health information with the long-term goal of improving care and reducing cost. Pulse8 products – Qualit8 and Intergr8 – can assist plans with ECDS submission and deploying member centered interventions that will drive 5 Star success.*

- **2022 Stars**

- CBP measure is returning with initial weight of 1x
- PCR will still be on Display (year 2 of 2)
- BMI, Appeals Auto-Forward, and Appeals Upheld will officially retire from Stars

- New mean resampling & guardrails apply to cut points
- Care for Older Adults is refining the hybrid specification for the Functional Status Indicator and will be moved to display for 2022- and 2023-Star Ratings
- An additional note regarding Medication Adherence for Hypertension, Diabetes Medications, and Cholesterol: PQA completed testing these measures, which are used for Star Ratings, and have recommended they be risk adjusted for differences in patient populations and beneficiary level status. CMS is considering implementation of the PQA recommendations for 2022 measurement year or beyond.

**PULSE8 INSIGHT:** *Care for Older Adults sub measures are typically not included with claims billing. Pulse8's Integr8 solution offers the ability to extract these codes as supplemental data for submission to your HEDIS engine and potentially improving your STAR ratings.*

- **2023 STARS**

- Osteoporosis Testing in Older Women will be retired (currently a display page measure field through the Health Outcomes Survey)

**PULSE8 INSIGHT:** *Medication Adherence measures are heavily weighted. CMS continues to partner with PQA to drive compliance, deliver quality care, and control costs. It is essential for plans to have programs in place that provide measure performance oversight and prospective interventions to address the Medication Adherence measure set. Pulse8 products Qualit8 and Formul8 are tools that can assist plans with these critical measures.*

**The 2021 Rate Announcement and Final Notice will be published by Monday, April 6, 2020.**