Medicare Advantage
Payment Year 2022 Announcement

Pulse8 Active Intelligence Brief: Expert Insight

February 2021

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 2022 as documented in the "*Announcement of Calendar Year 2022 Medicare Advantage Capitation Rates and Part C and Part D Payment Policies*" posting to the CMS website: https://www.cms.gov/medicarehealth-plansmedicareadvtgspecratestatsannouncements-and-documents/2022.

Pulse8 has prepared, for the convenience of our customers and industry partners, a summary level interpretation of a complex and detailed amendment to Federal Law. Any questions concerning the meaning, interpretation or effect the changes may or may not have on any given ACA health plan issuer should be directed to legal counsel.

RISK ADJUSTMENT

Early Release of Payment Year 2022 Rate Announcement and Final Notice

In response to the COVID-19 disruption, CMS has accelerated their normal, annual schedule of updates, changes, and modifications for the MA risk adjustment program to give plans more time to prepare actuarial bid rates due in June of each year. The annual Rate Announcement and Final Notice, normally released in the first week of April, was delivered almost three months early on January 15, 2021.

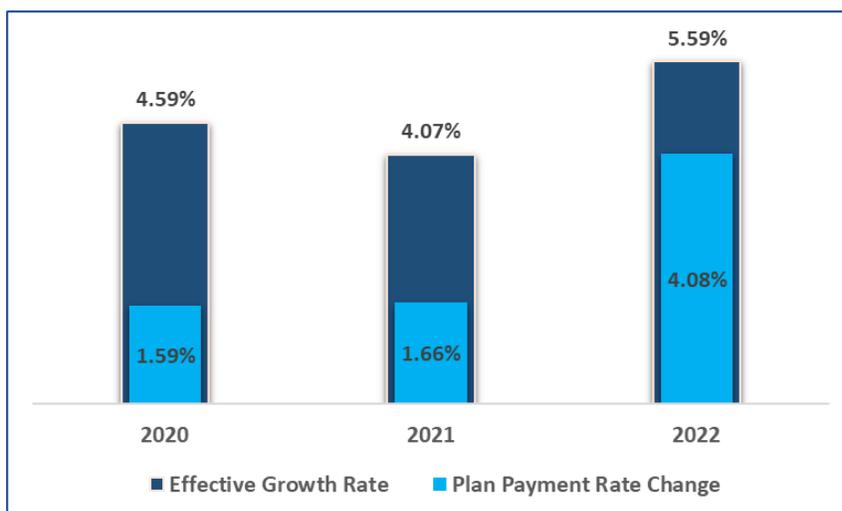**Figure 1: Year-over-Year Percentage Change in Payment**

Figure 1 above displays the estimated *Effective Growth Rate (EGR)* and *Plan Payment Rate Change* for Payment Years 2020, 2021 and 2022.

Effective Growth Rate (EGR) is a CMS inflation projection metric derived from analysis of historical Medicare FFS claims data to estimate the annual increase in healthcare costs*. Plan Payment Rate Change* is the percentage of *EGR* remaining after specific Medicare Advantage adjustments are applied and represents average percent increase to the PY2021 dollar amounts by which risk scores are multiplied. (Note these estimates are at the all-plan-aggregate level, actual changes for specific plans may differ).

For Payment Year 2022, CMS is allocating 73% of the 2021-to-2022 *EGR* inflation for an increase of 4.08% to MA plan payment rate. The average plan payment rate percent of *EGR* for PY2021 and PY2020 is almost half (38%) of PY2022, combing in an average 1.63% MA plan payment rate increase.

Starting on page 25 of the PY2022 Announcement PDF, CMS discusses the rationale and calculus behind this significant spike in plan payment rate:

"The latest projections reflect the assumption that as a result of the COVID-19 pandemic, medical care for non-COVID services was reduced significantly. Some of that care is now assumed to be deferred until a later date, and that deferred care is now expected to be more intensive."

Per the PY2022 Announcement, CMS now estimates 2020 Medicare healthcare costs to be down 10.7% from the PY2020 Announcement of April 2019. Likewise, CMS now estimates 2021 to be 4.7% lower than predicted from last April's PY2021 Announcement. From a risk score calculation perspective, lower costs are a result of lower claims volume, which in turn yield smaller average risk scores.

PULSE8 INSIGHT: The Medicare Advantage risk adjustment program uses a prospective model: The aggregate of claims with 2021 service dates will be used to adjust risk scores for monthly CMS-to-MA plan payments in 2022 to cover MA plan-to-provider payments for 2022 service dates.

CMS is projecting PY2022 to be a "perfect storm" for Medicare Advantage financing due to the COVID-19 pandemic's two-year disruption to the country's healthcare delivery norms. Deferred care in 2021 will suppress risk score averages for PY2022, the cumulative effect of deferred care from both 2020 and 2021 will amplify 2022 healthcare costs due to the increase in severity of untreated conditions.

Medicare Advantage plans should work with healthcare providers in addressing the issue of deferred care due to fear of COVID-19 exposure for both patients and physicians. Telehealth services using synchronized audio and video functionality are valid for Risk Adjustment submission; it should be employed to combat deferred care by screening and identifying patients at great risk of future intensive care.

Retirement of the Risk Adjustment Processing System (RAPS)

CMS has finalized the retirement of the 15+ year-old Risk Adjustment Processing System (RAPS) data submission protocol along with the 2017, Version 22 CMS-HCC model used for RAPS data risk score calculation. Medicare Advantage risk adjustment calculation for PY2022 and thereafter, will use one risk score model through one submission protocol.

Figure 2: RAPS/EDPS CMS Model Version Blend Rate History

Payment Year / Service Year	RAPS Risk Adjustment Model	RAPS Blend Rate	EDPS Risk Adjustment Model	EDPS Blend Rate	Payment Condition Count Risk Score Blend Rate (EDPS Only)
2016 / 2015	2014 - V22	90%	2014 - V22	10%	N/A
2017 / 2016	2017 - V22	75%	2017 - V22	25%	N/A
2018 / 2017	2017 - V22	85%	2017 - V22	15%	N/A
2019 / 2018	2017 - V22	75%	2019 - V23	25%	25%
2020 / 2019	2017 - V22	50%	2020 - V24	50%	50%
2021/ 2020	2017 - V22	25%	2020 - V24	75%	75%
2022 / 2021	**2017 - V22**	**0%**	**2020 - V24**	**100%**	**100%**

PULSE8 INSIGHT: While the retirement of RAPS and Version 22 greatly reduces workflow volume and complexity, Medicare Advantage health plans should scrutinize and amplify their workflow controls for EDPS submissions to minimize drops in average risk scores due to incomplete or missing submissions. They should review, assess, and strategize solutions for maximum EDPS submissions performance, with added focus on inpatient facility data submissions.

Adjustment Variables for PY 2022 Risk Score Calculation

Figure 3: PY2020 – PY2021 Coding Pattern Adjustment & Normalization Factor Comparison

Coding Pattern Adjustment*					
5.9%	**Payment Year 2021**		**Payment Year 2022**		
Risk Model	**Normalization Factor**	**Combined Risk Score Adjustment %**	**Normalization Factor**	**Combined Risk Score Adjustment %**	**PY22 less PY21**
Part C	1.097	-8.84%	**1.118**	-10.55%	-1.71%
PACE	1.106	-9.58%	**1.128**	-11.35%	-1.76%
ESRD-Dialysis Status	1.079	-7.32%	**1.077**	-7.15%	0.17%
ESRD-Functioning Graft	1.118	-10.55%	**1.126**	-11.19%	-0.64%
Part D	1.063	-5.93%	**1.056**	-5.30%	0.62%

* 5.9% for all models across both payment years.

PULSE8 INSIGHT: Figure 2 calculates the combined impact of the Coding Pattern Adjustment, a constant adjustment of -5.9% for all Risk Model + Payment Year combinations and the Normalization Factor, a variable adjustment for each Risk Model + Payment Year combination.

The first record in Figure 1 shows the proposed Payment Year 2022 combined risk score adjustment for Part C Medicare Advantage plans is -10.55%. The current Part C combined adjustment for PY 2021 is -8.84%; a delta of negative (-1.71%) percentage points. An increase of negative percentage points directly applies an equal percent decrease in actual risk score calculation for PY 2022, Part C model risk scores.

Prior Year Member Risk Score Methodology Change

Medicare Advantage risk score is a prospective methodology – any given calendar year risk score is calculated on diagnosis codes from medical claims data for service dates in the previous calendar year. Members who were enrolled in traditional Medicare for the previous calendar year are assigned risk scores by analysis of their Fee-For-Service claims data. The existing methodology for FFS data-calculated risk scores uses a system primarily based on place of service and provider type/specialty. The PY2022 Announcement alters FFS data risk score methodology to a CPT/HCPCs procedure code-based calculus. This change is in effect for PY 2022 risk score calculation of 2021 claims experience.

"CMS intends to identify diagnoses for risk score calculation from FFS claims using HCPCS-based filtering logic, which would align the filtering of FFS claims with how CMS identifies risk adjustment eligible diagnoses from encounter data."

Part C model average risk scores are estimated by CMS to decrease by 0.08%. ESRD model risk scores are estimated to drop by 0.18%.

PULSE8 INSIGHT: Plans with membership in counties with low Medicare Advantage penetration will be most impacted by this change. Pulse8 recommends all plans identify FFS-to-MA members for medical record review campaigns.

QUALITY MEASURES

Pulse8's Subject Matter Experts reviewed the recently published Announcement of CY 2022 Medicare Advantage Capitation Rates and Part C and D Payment Policies and are sharing insights and a brief summary. CMS released the publication earlier than usual which provides Medicare plans more time to review the information as they plan for 2022 costs amid the COVID-19 uncertainty.

MA Star Ratings Highlights
- Includes the date by which plans must submit requests for changes to the appeals and complaints measures data for STAR Ratings
- Lists the measures included in the Part C and D Improvement measures
  - Improvement measures are calculated using performance measures that meet specific conditions

- o CMS will only include measures at the contract level if numeric value scores are available for both the current and prior years
  - o Notes weight and if the measure is included in the 2022 CAI values
- Categorical Adjustment Index for the 2022 STAR Ratings for both Part C and D are available on the CMS webpage
  - o CMS notes they are reviewing the ASPE recommendations, exploring additional options to account for differences in within- contract performance across different social risk factors, and investigating the feasibility of adding additional social risk factors to the CAI or alternative methodologies
- The announcement identifies the states and territories that have Individual Assistance designations from the Federal Emergency Management Agency ("FEMA") for major disaster declarations used in the definition of an affected contract for the extreme and uncontrollable circumstances adjustment for the 2022 Star Ratings
  - o For contracts with 60% or more of their enrollees in such areas, CMS will use the 2020 performance scores for the 2022 Star Ratings. Those contracts with at least 25% of their enrollees in such areas will receive the higher of either their current or their prior year's Star Ratings to calculate their 2022 ratings
  - o For the 2020 measurement period with the COVID-19 pandemic, most MA and Part D contracts qualify for the disaster adjustments

PULSE8 INSIGHT: These changes will help stabilize the thresholds and cut points from year to year, especially for 2020 considering the COVID 19 pandemic.

2022 STAR Ratings

- **Non- Substantive Changes to Existing Measures**
  As a reminder, existing measures within the 2022 Star Ratings where CMS is applying non-substantive changes are revised to include additional outpatient telehealth, telephone, and e- visits that are applicable to qualifying measure numerator/denominator events. Impacted measures are:
  - o Breast Cancer Screening
  - o Care for Older Adults
  - o Colorectal Cancer Screening
  - o Comprehensive Diabetes Care
  - o Controlling Blood Pressure (Allows reading taken by a member with any digital device for 2020 MY)
  - o Controlling High Blood Pressure
  - o Osteoporosis Management in Women Who Had a Fracture
  - o Plan All-Cause Readmissions
  - o Rheumatoid Arthritis Management
  - o Statin Therapy for Patients with Cardiovascular Disease

PULSE8 INSIGHT: Expanding telehealth, telephone, and e-visit allowances ensures member have access to essential care. Pulse8's Qualit8 + Integr8 solution offers the ability to extract these codes as supplemental data for submission to your HEDIS engine, potentially improving your STAR ratings.

- **Proposed Changes to Existing Measures for Future Years**
    - Statin Use in Person with Diabetes (Part D) – Non- Substantive Change to 2023 Star Ratings
    - Kidney Health Evaluation for Patients with Diabetes (Part C) – This is a display measure for 2022 Star Ratings and CMS is considering adding this measure to the overall Star Rating calculation
    - Controlling Blood Pressure (Part C) – This will remain a display measure for the second year for 2022 Star Ratings and will return to and be used in calculating the 2023 Star Ratings
    - Plan All-Cause Readmissions (Part C) – CMS moved this measure to the display page for 2022- and 2023-Star Ratings. This will return to and be used in calculating the 2024 Star Ratings

PULSE8 INSIGHT: Although CBP and PCR measures remain on display, it is essential for plans to have programs in place that provide measure performance oversight and prospective interventions as their measure weights are increasing. Pulse8's Qualit8 + Collabor8 solution offers the ability to combine Risk and Quality data as a one stop shop for providers to address open gaps and increase efficiency in planning interventions.

- **Display Measures – the following measures from the 2022 display page will be retired**
    - Timely Receipt of Case Files for Appeals (Part D)
    - Timely Effectuation of Appeals (Part D)
    - Drug-Drug Interactions (Part D)
    - Antipsychotic Use in Persons with Dementia – for Community-Only Residents (APD-COMM) (Part D). This measure will also be removed from patient safety reporting. (The overall Antipsychotic Use in Persons with Dementia (APD) and 96 Antipsychotic Use in Persons with Dementia - for Long-term Nursing Home Residents (APD-LTNH) measures will remain on the display page)
    - Use of Opioids at High Dosage and from Multiple Providers in Persons Without Cancer (OHDMP) (Part D). This measure will also be removed from patient safety reporting. (The Use of Opioids at High Dosage in Persons Without Cancer (OHD) and Use of Opioids from Multiple Providers in Persons Without Cancer (OMP) measures will remain on the display page)
    - Drug Plan Provides Current Information on Costs and Coverage for Medicare's Website (Part D)
- **Future STAR Ratings – Proposed New Measures**
    - COVID-19 vaccination (Part C) – CMS is currently considering the comments and exploring the feasibility of developing the measure for potential inclusion on the display page for CY 2024
    - Provider Directory Accuracy (Part C) – CMS is considering comments and feasibility of developing the measure.

CMS will continue to solicit feedback on new measure concepts as well as updated measures. CMS will also continue to provide advance notice regarding measures considered for implementation as future Star Ratings measures.