

Medicare Advantage Payment Year 2021 Announcement Review of Key Proposals with Expert Insight

April 2020

PULSE8 is privileged to bring you a summary of the significant changes and updates to the Medicare Advantage Risk Adjustment and Quality Measures programs for Payment Year 2021.

RISK ADJUSTMENT

Update – Year-to-Year Percentage Impact of all Risk Adjustment Payment Changes

Figure 1 below lays-out the changes in *Effective Growth Rate* and *Plan Payment Impact Estimate* from the **Advance Notice** to **Announcement** for Payment Year 2021.

Figure 1

Factors & Adjustment Variable	2021 Advance Notice	2021 Announcement
Effective Growth Rate	2.99%	4.07%
Rebasing/Re-pricing	TBD	-0.35%
Change in Star Ratings	0.23%	0.23%
MA Coding Intensity Adjustment	0.00%	0.00%
Risk Model Revision	0.25%	0.25%
Encounter Data Transition Impact	0.00%	0.00%
EGWP Payment Policy Update	0.00%	0.00%
Normalization Factor	-2.54%	-2.54%
<i>Plan Payment Impact Estimate</i>	0.93%	1.66%

Update – Payment Year 2021 ESRD Enrollment and Payment Changes

The CMS press release from April 6, 2020 states that “The 21st Century Cures Act amended the Social Security Act to **allow all Medicare-eligible individuals with ESRD to enroll in MA plans beginning January 1, 2021**. With this enrollment policy change, the Cures Act also made related payment changes in the MA program. **Effective January 1, 2021, MA organizations will no longer be responsible for organ acquisition costs for kidney transplants for MA beneficiaries, and such costs will be excluded from MA benchmarks and covered under the FFS program instead.**

The methodology proposed in the Advance Notice and finalized in the Rate Announcement for the CY 2021 ESRD rates **remains unchanged from the methodology used continuously for the past several years**. The final trend factor that will apply to the MA ESRD state-level rates for 2021 is 4.04%, which is higher than the Advance Notice estimate of 2.8%.”

PULSE8 INSIGHT: The proposed rule, [CMS-4190-P](#), issued by CMS on February 5, 2020, discusses policy changes to increase plans’ ability to reduce dialysis costs by allowing more flexibility to manage dialysis provider networks and the expansion of home dialysis services. The changes discussed in CMS-4190-P start to address Medicare Advantage plans’ serious concerns about the expected program costs resulting from the 2021 MA plan “open enrollment” for ESRD beneficiaries.

Continued Phase Out of RAPS and the V22 HCC Model – Adopted as Described

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 21st Century Cures Act to have risk scores calculated at 100% from the V24/EDPS model for Payment Year 2022.

HCC Models Remaining the Same – Adopted as Described

CMS will 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), will 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.

Figure 2

Dementia Risk Score Payment Factors	Payment Year 2020	Payment Year 2021	Payment Year 2022
Dementia Risk Score Weight %	50%	75%	100%
Median Prevalence Rate	5%	6%	9%
Median PMPY	\$67	\$103	\$138

Figure 2 combines Pulse8’s evaluated prevalence projection increases of dementia with the proposed risk score weight percent increases of the V24 HCC model adoption to forecast estimated median PMPY dementia risk payments for Payment Years 2020, 2021, and 2022.

The median prevalence rates for dementia are projected to increase due to the natural rise in dementia incidence rate overall as well as the added boost from risk adjustment coding frequency. The median PMPY risk score impact for dementia is projected to jump from \$67 PMPY in Payment Year 2020 to \$138 PMPY in Payment Year 2022, an estimated increase of 106%.

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For your convenience, here are the CMS risk score adjustment variables for Payment Year 2021:

- 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