

## Medicare Advantage

### Payment Year 2022 Advance Notice – Part 2

#### Pulse8 Active Intelligence Brief: Expert Insight

November 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 2022.

#### RISK ADJUSTMENT

##### Potential Acceleration of Payment Year 2022 Rate Announcement

Starting in March of 2020, utilization of preventative, routine, and elective health care services and procedures has been significantly reduced due to the COVID-19 public health emergency. This unprecedented disruption to normal healthcare delivery has had – and continues to have – multiple ramifications for the administration of Medicare Advantage health plans, including CMS-HCC risk score payment methodologies.

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 in an effort to give plans more time to prepare actuarial bid rates due in June of each year. Advance Notice Part 1, historically released in late December, was delivered in mid-September; Advance Notice Part 2, typically made public in early February, was just released on October 30.

From the PY 2022 Advance Notice Part2:

“We believe that MA organizations, Part D sponsors, and PACE organizations could potentially benefit from having information about capitation rates, risk adjustment factors, methodologies, benefit parameters, and assumptions earlier in the year.”

Regarding the final Announcement (usually published in early April), both Payment Year 2022 Advance Notices state that CMS is considering releasing the final PY 2022 changes before April or, perhaps, releasing a Part 1 Announcement earlier in 2021 and a Part 2 in April. Note that CMS also states that the entirety of the PY 2022 Final Announcement may follow the typical April timeframe for publishing.

In the Part 2 Advance Notice, CMS outlines the decision on when to publish the final Announcement as a conundrum between taking more time to allow for more recent data for higher accuracy versus an early release of less informed metrics allowing more time for MA plans to calculate bid rates. The ultimate decision hinges on CMS internal development efforts and feedback from industry stakeholders.

**Proposed Adjustment Variables for PY 2022 Risk Score Calculation**

*Figure 1: Combined Impact of Coding Pattern Adjustment and Normalization Factor*

Coding Pattern Adjustment*	Payment Year 2021		Payment Year 2022		
5.9%	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 1 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.

Figure 1 is a valuable reference table for 2022 actuarial analytics.

**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 Part 2 Advance Notice proposes to alter FFS data risk score methodology to a CPT/HCPCS procedure code-based calculus. This change would take place on PY 2022 risk scores based on 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 2022 Medicare Advantage and Part D Advance Notice Part II and are sharing insights and a brief summary of proposed changes. CMS released the publication earlier than usual to accommodate a potential early publication of the CY 2022 Rate Announcement.

### MA Star Ratings Highlights

- The policy for adjustments to Star Ratings was updated in the March 31, 2020 COVID-19 release that removes guardrails for the 2022 Star Ratings by delaying their application until the 2023 Star Ratings.
- The 2022 Advance Notice provides additional detail regarding the new rules for how COVID-19 would be applied within the current CMS Extreme and Uncontrollable Circumstances Policy (EUC). Due to COVID-19, almost all MA and PD contracts will qualify for the EUC adjustments finalized in the CY 2020 final rule (published on April 16, 2019). For plans that qualify for disaster adjustments, **the adjustment will result in the higher of their measure-level ratings for 2021** (either 2018 or 2019 performance) **or 2022** (2020 performance) being used. Most MA contracts qualify for EUC status due to COVID in 2020, but CMS also identified two additional disasters that qualify: Several counties in California and Oregon received EUC status due to wildfires as well as several counties in Louisiana due to Hurricane Laura.

**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.*

- **2022 STAR Ratings (2020 measurement period)**
  - **Three measures will be removed:**
    - Adult BMI Assessment
    - Appeals Auto- Forward
    - Appeals Upheld
- **2022 STAR Ratings**
  - **Non-Substantive Changes to Existing Measures**

Existing measures within the 2022 Star Ratings where CMS is applying non-substantive changes will not be moved to the display page. They will be revised to include additional outpatient telehealth, telephone, and e- visits that are applicable to qualifying measure numerator/denominator events. Impacted measures are:

- Breast Cancer Screening
- Care for Older Adults
- Colorectal Cancer Screening
- Comprehensive Diabetes Care
- Controlling Blood Pressure (Allows reading taken by a member with any digital device for 2020 MY)
- Controlling High Blood Pressure
- Osteoporosis Management in Women Who Had a Fracture
- Plan All-Cause Readmissions
- Rheumatoid Arthritis Management
- 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 and Integr8 solutions offer the ability to extract these codes as supplemental data for submission to your HEDIS® engine and to potentially improve your STAR ratings.

- **2022 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 – CMS is considering adding this measure to the overall Star Rating calculation
- Controlling Blood Pressure (Part C) – CMS moved this measure to the display page for 2020- and 2021-Star Ratings – this will remain a display measure for 2022 due to HEDIS® data not being collected for 2021 Star Ratings, thus updated data will not appear on the display page for 2021
- Plan All-Cause Readmissions (Part C) – CMS moved this measure to the display page for 2020- and 2021-Star Ratings – this will remain a display measure for 2022 due to HEDIS® data not being collected for 2021 Star Ratings, thus updated data will not appear on the display page for 2021

**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 these measure weights are increasing to 3x.

- **2023 STAR Ratings**
  - **Proposed New Measure**
    - COVID-19 Vaccination – CMS is currently soliciting comments – the measure would be on the display page beginning with the 2023 STAR Ratings and become part of the CAHPS measures

CMS will continue to solicit feedback on new measure concepts as well as updated measures. Those currently requested for feedback are Provider Directory Accuracy (Part C) and COVID-19 Vaccination (Part C). CMS will also continue to provide advance notice regarding measures considered for implementation as future Star Ratings measures.