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March 6, 2020

Ms. Seema Verma  
Administrator  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, MD 21244-1850

Dear Ms. Verma:

On behalf of AMGA, I appreciate the opportunity to comment on the Centers for Medicare & Medicaid Services' (CMS) Advance Notice of Methodological Changes for Calendar Year (CY) 2021 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies.

Founded in 1950, AMGA represents more than 440 multispecialty medical groups and integrated delivery systems, representing about 175,000 physicians who care for one in three Americans. Our member medical groups work diligently to provide high-quality, cost-effective patient-centered medical care.

MA, with its supplemental benefits and cap on out-of-pocket costs, provides an attractive benefit package for beneficiaries and offers providers flexibilities not available under fee-for-service (FFS) Medicare. As a result, the program remains incredibly popular and enjoys bipartisan support in Congress.<sup>1</sup> In addition, our member groups see the value and stability in the MA program, as it provides a consistent set of rules and a financing mechanism that allows them to focus on delivering high-quality care, which encourages care coordination. AMGA and our members are invested in the stability of the MA program and support policies that will allow plans to continue to offer robust benefits to their enrollees.

We are pleased to offer the following recommendations on the CY 2021 Advance Notice.

**Key Recommendations:**

- CMS should take steps to ensure that the encounter data submitted by plans is accurate. This is particularly important as CMS continues to phase-in the use of encounter data in the risk-adjustment model.
- CMS should ensure the risk model properly reflects plan costs as the agency continues its phase-in of an updated risk-adjustment model.

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<sup>1</sup> [Feb. 5, 2020 Letter from Congress to the Centers for Medicare & Medicaid Services](#)

- CMS should finalize the proposed coding intensity adjustment factor of 5.90%, the statutory minimum.
- CMS should ensure its payment rates for end-stage renal disease (ESRD) appropriately estimate the cost of care for this chronically ill population. AMGA is concerned that state-level benchmarks for ESRD will not accurately reflect the variation in costs and expenses in care for patients with ESRD in different geographic areas within a state.
- CMS should be more transparent about how the agency arrives at its estimated net impact to plans. More specifically, the agency should provide its rationale for the discrepancy between estimates published in the December 2019 preview and Part 2 of the Advance Notice.

### **Use of Encounter Data**

CMS proposes to increase the percent weight attributed to encounter data in calculating MA plan risk scores. This continues the transition from the Risk Adjustment Processing System (RAPS) to the Encounter Data System (EDS) that CMS first initiated in 2016. For 2021, CMS is proposing to use a blend of 75% EDS and 25% RAPS data (as opposed to 50% EDS and 50% RAPS in 2020). AMGA's member groups understand that CMS will continue the phase-in of encounter data as a source to calculate risk scores. As such, we urge CMS to continue the work to ensure that encounter data submitted by plans is accurate, especially as the phase-in moves closer to 100%.

### **Risk-Adjustment Model**

CMS calculates risk scores for MA beneficiaries using the CMS-Hierarchical Condition Categories (CMS-HCC) model. The risk score represents the predicted medical costs of providing care to an enrollee relative to the average predicted medical costs of a beneficiary entitled to Part A and Part B. The 21<sup>st</sup> Century Cures Act requires CMS to make improvements to risk adjustment for 2019 and subsequent years. As these changes must be phased in over a specific timeframe, CMS proposes for payment year 2021 to calculate risk scores using 75% of the risk score calculated with the 2020 CMS-HCC model and 25% of the 2017 CMS-HCC model. CMS should recognize, however, that relying on both models could create an undue burden on our members.

AMGA recognizes that statutory requirements dictate how CMS phases in the risk-adjustment model. As such, we urge CMS to continue to ensure the risk-adjustment model is accurate and properly reflects plan costs.

### **Coding Pattern Adjustment**

CMS is proposing for calendar year 2021 to apply a coding adjustment factor of 5.90%, the statutory minimum. AMGA supports this proposal and recommends that CMS finalize it as proposed.

### **National Per Capita Growth Percentage**

In the December preview released by the CMS Office of the Actuary, the agency estimated a per capita growth rate of 4.46%. However, in the Advance Notice, this estimate dropped to 2.99%; CMS estimates that the expected revenue change for MA plans will be 0.93%.

In the Advance Notice, CMS does not provide a rationale for the discrepancy between the December preview and the figures in the Advance Notice. AMGA believes that the agency should be more transparent about how it arrives at these estimates and provide its reasoning. Ensuring MA plans are adequately paid for the populations they serve is important to both patients and providers. This becomes even more crucial as the estimates change between now and when CMS issues the final announcement in April. Plans will need this information to prepare their bids for the upcoming year.

#### **Addition of ESRD to MA**

AMGA supports providing Medicare beneficiaries with ESRD with the option of enrolling in MA plans. AMGA will provide detailed comments on the methodology that is included in the accompanying proposed rule. It is crucial the benchmarking and payment methodologies for ESRD accurately account for the cost of providing care to this vulnerable population. AMGA is concerned that calculating the benchmarks for ESRD at the state level, rather than the county level, will not capture the variation in expenses across a particular state. This may result in underpayments in more parts of a particular state where these services are more expensive.

#### **Regulatory Timing and Process**

In our comments on the CY 2020 Advance Notice, we noted that CMS provides an abbreviated timeframe to review the Advance Notice for each plan year. CMS also has issued a proposed rule (CMS-4190-P) that includes significant policy and technical changes to the MA program. AMGA is reviewing this rule closely and will be filing comments. However, comments on the proposed rule are due April 6, 2020, the date that CMS is expected to issue its final notice for the CY 2021 plan year. With one set of policies finalized and another set of proposals pending, health insurance companies will be at a disadvantage as they craft their bid proposals under an abbreviated timeframe with an incomplete understanding of what the final policies will be for the 2021 plan year. Moving forward, CMS should synchronize the Advance Notice and proposed rule to the extent possible.

We thank CMS for consideration of our comments. Should you have questions, please contact Darryl M. Drevna, AMGA's senior director of regulatory affairs, at 703.838.0033 ext. 339 or at [ddrevna@amga.org](mailto:ddrevna@amga.org).

Sincerely,



Jerry Penso, M.D., M.B.A.  
President and Chief Executive Officer  
AMGA