

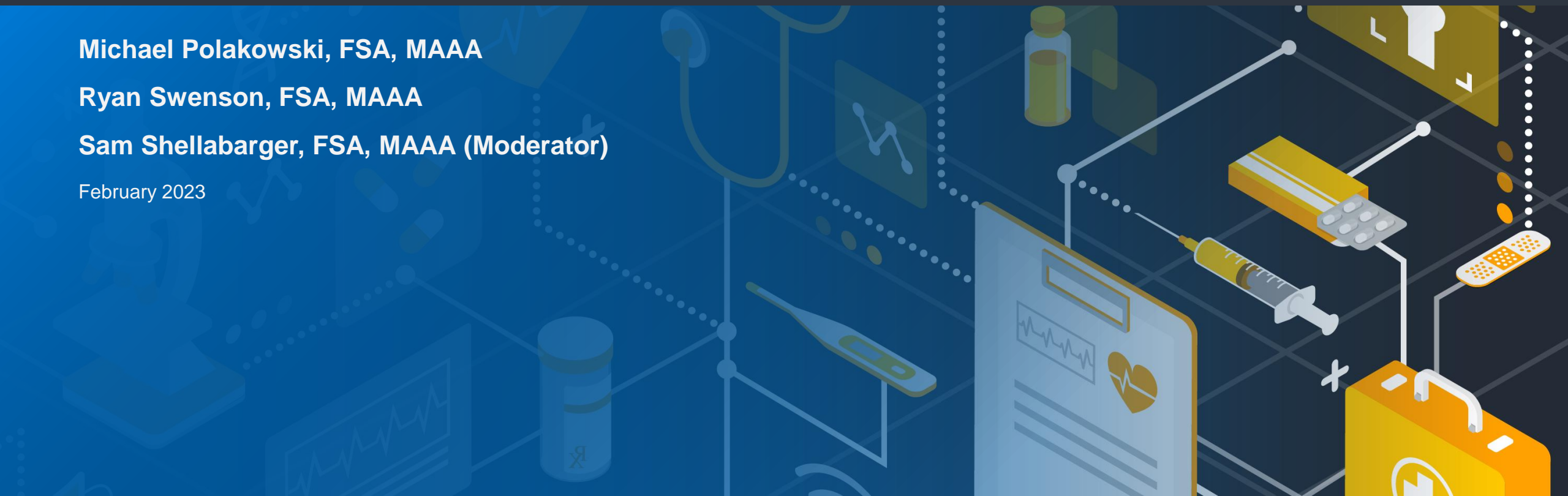
Regulatory and guidance updates impacting 2024 MAPD Bids

Michael Polakowski, FSA, MAAA

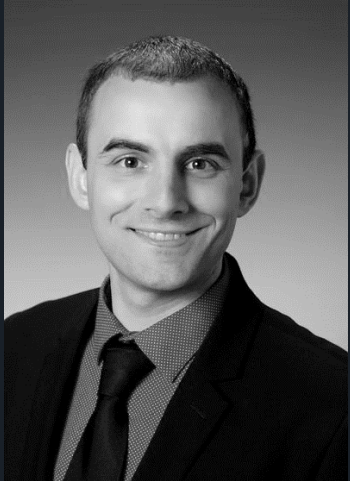
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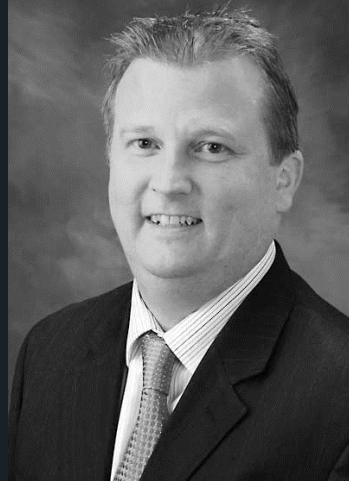
February 2023



Presenters



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Overview

Draft BPT changes
Proposed rule impacts
Medicare FFS changes and Advance Notice
highlights
IRA, RADV, PHE considerations

Guidance discussed is through February 1,
2023



Draft BPT changes

November 2022

- Related party reporting
 - Thresholds
 - Clarifications of guidance
- Part C and D credibility being reevaluated
- Margin
- Quota share reinsurance



Draft Part D bid instructions

January 2023



- Details IRA act updates for 2024 for bids
- Cost sharing limits
- Other clarifications for bid completion

Proposed rule

December 2022

- Rules may be finalized in April
- Expand Eligibility for LIS subsidy population
- D-SNP look alike testing is refined to segments
- C-SNP Conditions – 15 to 22
 - New conditions
 - Chronic Kidney Disease is now a super category that can include members with and without dialysis (ESRD)
 - Timing is 2024 or 2025 (will be clarified in the final)
- PDP Crosswalks
- Administrative Requirements such as UM
- Star rating measures updates
- Marketing rules updates







RADV ruling

January 30, 2023

Fact sheet

Medicare Advantage Risk Adjustment Data Validation Final Rule (CMS-4185-F2) Fact Sheet

Jan 30, 2023 | Medicare Part C

Share    

In a final rule released today, the Centers for Medicare & Medicaid Services (CMS) finalized technical details regarding the Medicare Advantage (MA) Risk Adjustment Data Validation (RADV) program that CMS uses to recover improper risk adjustment payments made to Medicare Advantage (MA) plans. The RADV final rule will help CMS to protect the MA program (also known as “Medicare Part C”) by addressing instances where Medicare paid Medicare Advantage Organizations (MAOs) more than they otherwise should have received because the medical diagnoses submitted for risk adjustment payment were not supported in the beneficiary’s medical record. Specifically, this final rule codifies in regulation that, as part of the RADV audit methodology, CMS will extrapolate RADV audit findings beginning with payment year (PY) 2018.

Source: <https://www.cms.gov/newsroom/fact-sheets/medicare-advantage-risk-adjustment-data-validation-final-rule-cms-4185-f2-fact-sheet>

- Extrapolation for recoveries going back to 2018
- No FFS adjuster
- CMS can use any valid extrapolation methodology

Public Health Emergency

Federal ending May 11

- 20% IP add-on when COVID present
- Telehealth flexibilities
- MAO mid-year benefit enhancements



Medicare reimbursement and payment changes



- Consolidated Appropriations Act, 2023
 - 2.5% Medicare physician fee schedule increase for 2023, 1.25% for 2024
 - Medicare 4% pay-as-you-go act of 2010 (PAYGO) sequestration delayed until February 2025
- Medicare FFS reimbursement for Part B drugs acquired through the 340B program
 - CMS will revert to paying the default rate (generally Average Sales Price plus 6%) under Medicare statute for 340B-acquired drugs
 - The previous rate of Average Sales Price minus 22.5% for 340B-acquired drugs was vacated by the Supreme Court in September 2022

2024 Inflation Reduction Act (IRA) provisions

- Part D member cost sharing eliminated in the catastrophic phase
- Part D low-income subsidy (LIS) limits increased for full beneficiaries from 135% of the federal poverty limit (FPL) to 150% of the FPL
- Part D \$0 vaccine cost sharing
- Part B and Part D Insulin cost sharing not to exceed \$35 for a month's supply of each insulin product
- Part D deductible does not apply to any covered insulin product or any adult vaccine
- Part D premium stabilization caps the base beneficiary premium growth to no more than 6%
- Part B and Part D inflation rebates
 - Part B Rebatable Drug Coinsurance Adjustment



Other non-IRA provisions



- Part D Senior Savings Model (SSM) ending
- Part D pharmacy direct and indirect remuneration (DIR) at point-of-sale (POS)

2024 Advance Notice highlights

- FFS growth percentage of 2.15% and MA growth percentage of 1.81%
 - Includes an approximately 2% reduction in the FFS growth percentage and 1% reduction in the MA growth percentage due to the removal of all medical education costs from the calculation methodology
 - The growth rates do NOT include provisions for the Consolidated Appropriations Act of 2023
- CMS proposes a new 2024 CMS-HCC risk model
 - The impact on MA risk scores is projected to be -3.12%
- IRA Part D program changes discussed previously



Questions?



Caveats

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