



2025 MA & Part D Rate Announcement

April 9, 2024

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Housekeeping

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This webinar will be recorded

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Agenda

- Continued phase-in of V28 risk model
- Continued phase-out of medical education costs
- CMS's projected average change in revenue
- Risk adjustment normalization
- Part D risk adjustment
- Part D benefit redesign for 2025
- Puerto Rico benchmarks
- Star ratings
- Discussion and questions

Continue Phase-In of New V28 Risk Model

- CMS will continue to phase in the new risk adjustment model that was finalized in the 2024 Rate Announcement over multiple years:
 - 2024 – 67% old model + 33% new model
 - 2025 – 33% old model + 67% new model
 - 2026 – 100% new model
- CMS assessed diagnoses that are submitted more frequently in MA than in FFS and proposed significant changes to the HCC model
 - Removed 2000+ Dx codes from HCCs
 - Constrained some HCCs to have an equal score

Continued Phase-Out of Medical Education Costs

- CMS will phase in the removal of medical education costs from the USPPCC over multiple years:
 - 2024 – 33% of removal applied
 - 2025 – **52%** of removal applied
 - 2026 – 100% of removal applied???
- The removal of medical education education costs reduces the effective growth rate used to calculate the projected average change in revenue

CMS's Projected Average Change in Revenue

Year-to-Year Percentage Change	2023 Rate Announcement	2024 Rate Announcement	2025 Advance Notice	2025 Rate Announcement
Effective Growth Rate Estimate of benchmark growth which is largely driven by FFS per capita trend	4.88%	2.28%	2.44%	2.33%
Rebasing/Re-pricing Based on the finalization of ave. geographic adjustment index in Rate Announcement	0.39%	0%	TBD*	0.07%
Change in Star Ratings Reflects changes in quality bonus payments	0.54%	-1.24%	-0.15%	-0.11%
MA Coding Pattern Adjustment Any reduction to MA risk scores beyond the 5.9% statutory minimum	0%	0%	0%	0%
Risk Model Revision and Normalization As of last year, CMS shows risk model revision and normalization combined Normalization is applied to keep average risk scores at 1.0	0% -0.81%	-2.16%	-2.45%	-2.45%
Average MA Risk Score Trend CMS estimate of average increase in risk scores not captured in other rows	3.50%	4.44%	3.86%	3.86%
Expected Average Change in Revenue	8.50%	3.32%	3.70%	3.70%

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Expected Average Change in Revenue w/o Risk Score Trend	5.00%	-1.12%	-0.16%	-0.16%
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Risk Adjustment Normalization

- The HCC risk adjustment model:
 - Is calibrated with diagnostic and cost information for FFS beneficiaries
 - Is prospective in that it uses health status in the base year to estimate costs in the payment year
 - Sets the average risk score in the denominator year at 1.0
 - Because actual average risk scores change year to year, CMS applies normalization as an adjustment to the trend between the denominator year and the payment year to keep average risk scores at 1.0 = normalization
- Currently, CMS calculates normalization using a linear slope based on 5 years of average risk scores
 - For 2023 and 2024, CMS excluded the abnormally low 2021 risk scores based on 2020 dates of service
- For 2025, CMS proposes to use all 5 recent years (2019-2023) and a multiple linear regression model

FFS Normalization Factor

	V28 2024 CMS-HCC Model	V24 2020 CMS-HCC Model	Blended
2025 Normalization	1.045	1.153	1.081
2025 phase-in	67%	33%	
2024 Normalization	1.015	1.146	1.102
2024 phase-in	33%	67%	

CMS provides a breakout of the risk adjustment model and the updated normalization factor. The combined impact of -2.45% is the result of raw risk model revisions phase-in of -4.44% and FFS normalization of +1.99%.

Part D Risk Adjustment

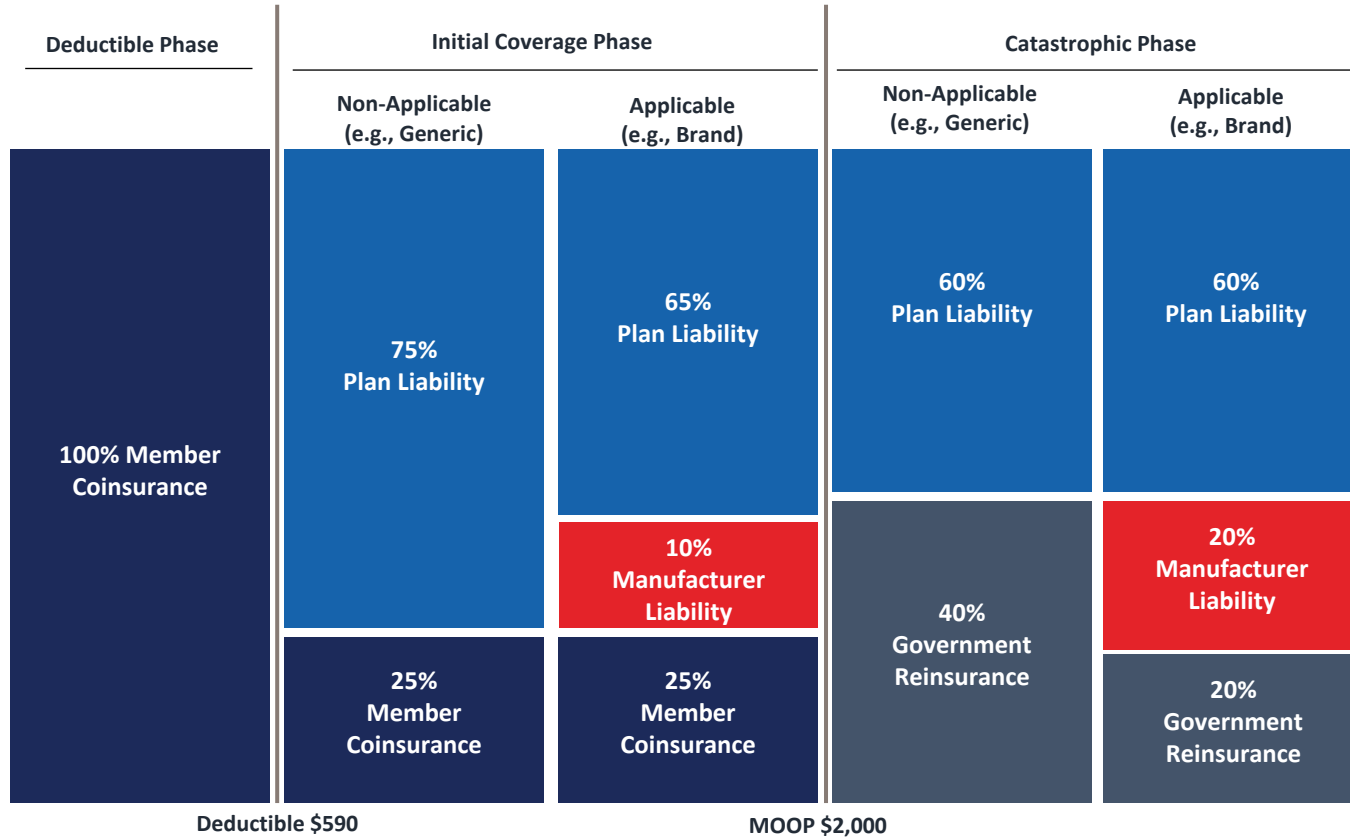
- CMS recalibrated the RxHCC model to account for the 2025 Part D benefit redesign
- CY2025 normalization factors
 - MAPD normalization factor: 1.073
 - PDP normalization: 0.955
- Historically, CMS provided one factor for both MA-PD and PDP
- CY2024 normalization factor was 1.063
- On average 2025 RxHCC model
 - Increases risk scores for low-income enrollees
 - Decreases risk scores for non-low-income enrollees

Medicare Part D Benefit Redesign - 2025

2025 Medicare Part D Benefit Redesign

- Removal of the coverage gap phase
- Implementation of a maximum out-of-pocket (MOOP) of \$2,000
- Reduction in federal reinsurance and introduction of the Manufacturer Discount Program (MDP) in the initial coverage and catastrophic (i.e., post-MOOP) phases
- Corresponding increase in plan liability in the catastrophic phase from 15% to 60%
- Manufacturer payments do not accumulate toward MOOP, dissimilar from the 2023 benefit design where payments count toward the true out-of-pocket (TROOP)
- MDP payments apply to all members dissimilar from CGDP payments which applied to NLI members only

2025 Defined Standard Benefit Design



Puerto Rico Benchmarks

Beneficiaries with zero claims

- CMS has found that Puerto Rico beneficiaries are more likely to have zero claims than the national average
- For 2024, CMS applies a +4.4% adjustment to the rate book
- CMS will apply a +4.2% adjustment for 2025

Beneficiaries with Parts A & B

- By statute, MA benchmarks are based on counties' average Medicare FFS per capita costs
- Puerto Rico beneficiaries are more likely to have only Part A than the national average
- For the first time, CMS will base benchmarks on the experience of beneficiaries with both Parts A & B

Universal Foundation

Domain	Measure
Wellness/Prevention	<ul style="list-style-type: none">• Colorectal Cancer Screening• Breast Cancer Screening• Adult immunization status *
Chronic conditions	<ul style="list-style-type: none">• Controlling high blood pressure• Hemoglobin A1c control
Behavioral health	<ul style="list-style-type: none">• Screening for depression with follow-up plan*• Initiation/ engagement of substance use disorder treatment*
Seamless care coordination	<ul style="list-style-type: none">• All Cause Readmission
Person-centered care	<ul style="list-style-type: none">• CAHPS
Equity	<ul style="list-style-type: none">• Screening for social drivers of health*

*Collection challenges raised

Star Rating Changes Finalized

Adding

- 2024 Measurement Year
 - a) Depression Screening*
 - b) Adult Immunization*
- 2025 Display Year
 - a) Social needs screening and intervention- display (pausing on adding utilities insecurity until analysis is done)

Modifying

- Breast cancer screening (legacy Vs new*)
- Eye exam for diabetes care- **Mixed feedback**
- Statin Therapy
- Timely decisions regarding appeals (legacy vs new*)
- Updating 2 questions regarding care coordination *
- Members choosing to leave plan
- Follow up after hospitalization for mental illness- display

Deleting

- Pain Assessment
- Anti-depressant medication management-display- (has Depression Screening /Follow up in 2026 display)

Future Measure

- Modify Health outcomes survey
- **Modifies BP control for HTN**
- **Breast Screening follow up**
- Lung CA Screening Follow up
- **Social connection Screening**
- **Chronic Pain Assessment**
- Functional Status Assessment Follow-up
- **Red: Concerns identified, and comments shared with NCQA**

Star Rating changes expected to have a -0.11% (was -0.15% in Advance Notice) impact on revenue

*Measures with “substantive” changes that will be on display page for 2 years

Questions and Discussion

- APG members are welcome to join the upcoming webinars:
 - MA RFI focus group #1: Wednesday, April 24th noon – 1:00pm ET
 - MA & Part D Final Rule: Monday, April 29th noon – 1:00pm ET
 - MA RFI focus group #2: Thursday, May 2nd noon – 1:00pm ET
- Please also contact us with questions or feedback

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