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CMS May Put Providers Over Insurers in Calculating Medicare Advantage Risk Adjustment
CMS wants to give health provider assessments of patients' conditions more weight than private Medicare plans' own reports when deciding how much financial assistance is owed to insurers with sicker customers.

The proposal, released on Monday as part of a notice of possible Medicare payment changes for 2021, involves the higher rates that Medicare Advantage plans get from the government if they can show their enrollees have a chronic or serious illnesses. Starting in 2021, patient data from provider visits would account for 75 percent of the "risk score" assigned to the plans, compared with the current 50 percent. That would presumably cut at least some of their payments.

Medicare Advantage plans historically billed the government by submitting their own diagnoses. That's fed persistent criticisms that the plans are motivated to exaggerate enrollee health problems to claim more money. HHS' watchdog fueled such claims with a report last month, disputed by insurers, that concluded the plans may have collected billions of dollars in improper payments.

The Obama administration began exploring a new risk score formula in 2015. The Trump administration continued the phase-in incrementally until the 2020 payment notice, when CMS decided to give equal weight to the data from providers and insurers.

The latest change didn't come as a surprise. Kristine Grow, senior vice president of America's Health Insurance Plans, said the changes "do not address persistent operational challenges with the use of encounter data," referring to patient information gleaned from provider records.

Comments on the proposal are due in early March and the final rate changes will come in April, according to the CMS announcement.