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19 Healthcare leaders from across the industry, using data from a UnitedHealth Group/Optum Team study, demonstrate how Medicare Advantage (MA) Plans create massive overpayments and urge CMS to finalize its 2024 MA Payment Proposal to improve accuracy of payment.

Washington, DC, March 9, 2023 - Today 19 leaders from public health, public policy, health care executive management, and clinical care are making public a joint letter of comment submitted earlier to the Department of Health and Human Services in strong support for the Medicare Advantage payment policy changes proposed by the Centers for Medicare and Medicaid Services in the "Calendar Year 2024 Advance Notice with Proposed Payment Updates for the Medicare Advantage and Part D Prescription Drug Program."

The signers of this letter of comment urge CMS to proceed with its proposed changes with Don Berwick, MD a former CMS Administrator and a signer of the letter saying, "The continuing excess payment to Medicare Advantage plans through the coding game drains resources from taxpayers, patients, and important investments in improving the community conditions that generate health. CMS's proposed changes offer an opportunity for health plans to come to the table, help fix the broken payment system, and redirect efforts toward the needs of patients and population health."

In the face of massive pushback to the rules by MA Plans and some affiliated providers, this comment letter uses data provided by UnitedHealth Group/Optum authors in a recent study comparing the experience of MA patients with FFS patients. The letter concludes:

"…the submission of more codes from MA Plans results in marked overpayments. In the case of the study by UHG / Optum authors our estimate is that this creates an opportunity for at least a 34% increase in payment from CMS."

MA Plan coding excess, where Plans submit diagnosis codes that are irrelevant for care but important for payment, is a well-documented source of overpayment to the Plans. But an MA organization revealing the detail for a covered population and contracted practices may be a first. And in this case the UHG/Optum author's premise is that the two populations are comparable so the argument that "our patients are sicker" is eliminated . Tia Goss-Sawhney, DrPH, Fellow of the Society of Actuaries and a signatory to the letter said,

> "The study shows that these MA Plans documented nearly twice as many diagnoses. The reported rates for many diagnoses are not at all similar to the FFS rates and are stunningly high including 5.71x the prevalence of substance abuse disorder (10.0% vs.

> 1.7%), 3.45x the prevalence of psychiatric disorders, 2.83x for non-diabetes metabolic disorders (23.6% vs. 8.4%), and 2.25x the COPD (21.4% vs. 9.5%). Vascular disease was coded 3.6x more often, with fully one half of the entire MA population, 50.7%, so coded vs. 14% in FFS."

These extra codes resulted in an estimated 44% higher risk score which when combined with the full risk contracts gave the "national healthcare delivery system" provider the opportunity to make thousands of dollars more per patient per year.

The letter demonstrates how plans use two-sided full risk contracts to incent more coding by providers by paying them a large percentage, often 85%, of the additional premium Plans receive through increased coding. The result is that for patients cared for in practices using these contracts and owned by insurers, spending on actual healthcare services is significantly less than the expected 85% of Medicare payments.

Richard Gilfillan, MD a former deputy administrator at CMS commented: "This percentage of premium approach and the resulting extraordinary profits are widespread in the industry. CMS's proposed overall 1% increase in payments provides plenty of funding in the system to maintain current benefits and care for all communities, particularly lower income communities where the coding profits may be highest. MA firms should be planning to become more efficient and accept lower profits, not threatening to reduce care or benefits for lower income people."