CARE, NOT CODES

A Bold Plan for Simplifying Medicare Advantage Risk Adjustment

Medicare Advantage (MA) risk adjustment is failing. The goal of providing adequate resources to clinical teams to treat sicker patients has been corrupted by a system that rewards aggressive coding, not high-quality care. Bloated and overly complicated, the current approach incentivizes documenting excessive, even inappropriate, diagnostic codes, wasting billions in taxpayer dollars. Once well-intentioned, the current program has been gamed, denying seniors a fair and competitive market.

The solution is clear – simplify the MA risk adjustment model.

A streamlined MA risk adjustment model should be built on demographics and a small number of substantiated health conditions.

Demographics

- Age
- Sex
- Institutional status
- Disability status

Substantiated Conditions (examples)

- Autoimmune diseases
- Cancer
- Congestive heart failure
- Chronic kidney disease
- COPD

115 condition categories today = ***Billions of dollars wasted***

A decade in the making, today's risk adjustment model is collapsing under its own weight. Paying for thousands of conditions, many of which can be inflated, doesn't equate to more or better care. ACHP proposes a simpler model that ensures risk adjustment payment reflects true patient needs and ensures that care is provided. Under the ACHP plan, doctors and health plans spend less time and money on administrative tasks chasing diagnoses, saving taxpayers billions of dollars.

*A simplified model cannot capture every rare or extremely costly condition. To safeguard patients with complex needs and prevent adverse selection, a federal reinsurance program should be established with a portion of the savings from the simplified model. Reinsurance strengthens market stability by covering rare and extremely high-cost conditions, allowing all insurers to compete to deliver high-quality care to every senior.

For more information, contact **ACHPadvocacy@achp.org**.