

SUMMARY OF THE CY 2022 MEDICARE ADVANTAGE PART I ADVANCE NOTICE; COMMENTS DUE NOVEMBER 13

On September 14, 2020, the Centers for Medicare & Medicaid Services (CMS) released [Part I of its Advance Notice of Methodological Changes for Medicare Advantage \(MA\) Capitation Rates and Part D Payment Policies for Calendar Year \(CY\) 2022](#) ([press release](#); [fact sheet](#)).

The announcement arrives ahead of the customary cycle in order to potentially publish the CY 2022 Rate Announcement by “mid-January, 2021,” approximately three months before the statutory deadline (April 5, 2021). CMS notes that the schedule change is intended to provide MA organizations, PACE organizations, and Part D sponsors with more time in light of “the uncertainty associated with the COVID-19 pandemic” to prepare their bids, which must be submitted by June 7, 2021.

This initial installment is released prior to the rest of the Advance Notice to allow for a 21st Century Cures Act-mandated 60-day comment period on proposed changes regarding MA risk adjustment. Part II of the Advance Notice is anticipated “in the Fall of 2020.” However, CMS notes it “may yet elect to follow the typical February timeframe for publishing Part II of the CY 2022 Advance Notice and/or the typical April timeframe for publishing the CY 2022 Rate Announcement” depending on “internal rate development efforts” as well as stakeholder feedback.

Risk Adjustment – For 2022, CMS proposes to fully phase in the CMS-Hierarchical Condition Categories (HCC) model that was implemented in CY 2020 to calculate encounter data-based scores. Specifically, CMS proposes to discontinue use of the 2017 CMS-HCC model, which uses diagnoses from Risk Adjustment Processing System (RAPS) inpatient records to supplement encounter data-based scores.

The transition to the 2020 CMS-HCC model is expected to increase MA risk scores 0.25 percent in CY 2022, resulting in an increase in Medicare spending of \$633.8 million. This estimate accounts for the difference between benchmarks and bids as well as program costs covered by Part B premiums.

Encounter Data – CMS proposes to calculate 100 percent of risk scores in 2022 using encounter data and fee-for-service (FFS) claims. Note that for 2021, CMS will use a blend of risk scores: 75 percent of the risk score calculated with the 2020 CMS-HCC model that uses encounter data, FFS claims, and RAPS data; and 25 percent of the risk score calculated with the 2017 HCCC model that uses RAPS data and FFS claims. Under this proposal, RAPS data will no longer be used to supplement encounter data.

CMS estimates that a transition to a greater percent of the risk score being calculated with encounter data and FFS claims will have no impact. As noted in the CY 2021 Advance Notice, there was no differential

between the RAPS-based risk score and the encounter data-based risk score calculated using the risk adjustment models proposed for 2021. Therefore, CMS maintains that the proposed transition for 2022 will have no impact.

The agency also does not expect a cost impact from discontinuing the use of RAPS data. Noting that the use of RAPS data has decreased over time, CMS anticipates the contribution of RAPS data will be zero percent in 2022.

Next Steps – Comments are due **November 13, 2020**. Below, we outline the accelerated schedule, as well as note the typical timeframe for changes regarding MA risk adjustment. As mentioned above, CMS states it may revert to the typical timeframe, depending on internal progress on rate development and stakeholder feedback.

- **September 14, 2020** – CMS releases Part I of the Advance Notice. This announcement would have typically arrived in December 2020 or January 2021.
- **Fall 2020** – CMS anticipates the release of Part II of the Advance Notice. Under the typical timeframe, this announcement would come in February 2021.
- **November 13, 2020** – Comments on Part I of the Advance Notice are due.
- **Mid-January 2021** – CMS expects to publish the CY 2022 Rate Announcement.
- **April 5, 2021** – The statutory deadline by which CMS must publish the CY 2022 Rate Announcement.
- **June 7, 2021** – The deadline by which MA organizations must submit their bids.