March 1, 2024

Chiquita Brooks-LaSure
Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
7500 Security Boulevard
Baltimore, MD 21244

RE: Advance Notice of Methodological Changes for Calendar Year (CY) 2025 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies

Dear Administrator Brooks-LaSure:

The National Health Council (NHC) appreciates the opportunity to provide comments to the Centers for Medicare & Medicaid Services’ (CMS’) Advance Notice of Methodological Changes for Calendar Year (CY) 2025 for Medicare Advantage Capitation Rates and Part C and Part D Payment Policies (2025 Advance Notice).

Created by and for patient organizations more than 100 years ago, the NHC brings diverse organizations together to forge consensus and drive patient-centered health policy. We promote increased access to affordable, high-value, equitable, and sustainable health care. Made up of 170 national health-related organizations and businesses, the NHC’s core membership includes the nation’s leading patient organizations. Other members include health-related associations and nonprofit organizations including the provider, research, and family caregiver communities; and businesses and organizations representing biopharmaceuticals, devices, diagnostics, generics, and payers.

The NHC recognizes the complexity of adjustments proposed by CMS in the Medicare Advantage (MA) and Part D programs. While CMS describes these adjustments as enhancements potentially leading to net increases in MA payments, it is important to note that there are differing perspectives within the health care community regarding the impact of these changes.¹ Some stakeholders, including plan sponsors, perceive these

adjustments as potentially leading to a net decrease.\textsuperscript{2,3,4} Given this divergence of views, the NHC emphasizes the importance of closely monitoring the impact of these adjustments on health care access and quality for Medicare beneficiaries. Regarding the CMS-HCC risk adjustment model and the adjustments to the Part D risk adjustment model, in line with the Inflation Reduction Act (IRA) of 2022, the NHC appreciates the intent to more accurately capture the health care needs of beneficiaries, especially those with chronic conditions. However, given the significance of these models in determining plan payments and potentially affecting plan offerings and beneficiary access, the NHC emphasizes the need for a vigilant monitoring approach. It is crucial to assess the real-world effects of these changes to ensure that adjustments serve to enhance, rather than inadvertently hinder, access to high-value, equitable health care services for all Medicare participants.

However, we urge CMS to consider the following recommendations to ensure the 2025 policies further align with patient-centered care.

**Sunset of the Coverage Gap Discount Program and Establishment of the Manufacturer Discount Program**

The sunset of the Coverage Gap Discount Program (CGDP) and the establishment of the Manufacturer Discount Program marks a significant shift in the Medicare Part D landscape, one that directly impacts patients, particularly those with chronic conditions who rely on consistent access to affordable medications. The CGDP has played a crucial role in helping to alleviate the financial burden on Medicare beneficiaries by


reducing out-of-pocket (OOP) costs for prescription drugs.\textsuperscript{5,6,7,8} Its sunset and the subsequent establishment of the Manufacturer Discount Program necessitate a careful evaluation to ensure that the new program continues to meet the needs of patients effectively. The NHC is particularly focused on how these changes will affect patient access to medications, the transparency of the new program, and its impact on medication adherence and patient outcomes.

Under the new Manufacturer Discount Program, manufacturers will be required to provide discounts on applicable drugs during the initial coverage phase and catastrophic phase of the defined standard Part D drug benefit. This change aims to ensure that both Low-Income Subsidy (LIS) beneficiaries and those not receiving LIS continue to receive manufacturer contributions for their medications. The NHC appreciates the guidance already provided to program stakeholders on the Manufacturer Discount Program and urge CMS to ensure that the transition to the Manufacturer Discount Program is as seamless as possible to ensure accurate application of discount amounts to beneficiaries. It is critical that there are no gaps in transition to the Manufacturer Discount Program that could lead to increased OOP costs for beneficiaries or disruptions in medication access. The NHC recommends clear communication to beneficiaries about these changes and robust support systems to address any issues that may arise during the transition.

Furthermore, the NHC emphasizes the importance of ongoing stakeholder engagement, including patient organizations, to provide feedback on the implementation and effectiveness of the Manufacturer Discount Program. It is essential that the program is responsive to the needs of patients and can be adapted based on real-world experiences and outcomes.

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Part D Premium Stabilization

The NHC acknowledges CMS’ efforts to ensure that the Base Beneficiary Premium (BBP) for Medicare Part D remains stable and predictable for beneficiaries, especially given the comprehensive changes brought about by the IRA. While the stabilization of the BBP is a step in ensuring that Medicare Part D remains accessible and affordable for the millions of Americans who rely on this program for their prescription drug coverage, the 6% limit on the increase in the BPP only stabilizes the average of all Part D plan premiums; actual impacts of premium stabilization will vary by individual Part D plans depending on how much higher or lower the plan’s premium is relative to the BPP. The NHC therefore encourages transparency and clear communication from CMS regarding how the BBP is calculated, the factors that contribute to its annual adjustment and the impact on individual plan premiums. Beneficiaries should have access to information that helps them understand their premiums and overall Part D costs. This transparency is crucial for informed decision-making and fosters trust in the system.

Additionally, while provisions such as premium stabilization and the $2,000 OOP cap represents meaningful advancements towards making Medicare Part D more predictable and accessible, OOP costs – including deductibles, copayments, and medication expenses – continue to impose a significant financial burden on many beneficiaries. In this context, the introduction of a $2,000 OOP spending limit as a statutorily set threshold is critical to alleviate these financial pressures and is crucial in the broader conversation about health care affordability. While the NHC commends these steps, we believe that comprehensive financial protection for beneficiaries necessitates a more holistic approach, one that encompasses the entirety of health care expenses faced by individuals. Therefore, while supporting the BBP stabilization and acknowledging the importance of the $2,000 OOP limit, the NHC urges CMS to continue exploring and implementing broader measures aimed at mitigating the total cost of health care for beneficiaries.

Part D Calendar Year EGWP Prospective Reinsurance Amount

The NHC recognizes the importance of the adjustments to the methodology for calculating prospective reinsurance payments to all Part D Calendar Year Employer Group Waiver Plan (EGWP) sponsors in maintaining the stability and predictability of the MA program, particularly for employer-sponsored plans that serve a considerable

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number of retirees. Prospective reinsurance payments have been a key component in managing risk and ensuring that EGWP sponsors can provide comprehensive and affordable coverage to their beneficiaries.

However, with the reinsurance percentages and methodology undergoing substantial changes in CY 2025, the NHC urges CMS to ensure that these modifications do not inadvertently impact the affordability and accessibility of prescription drug coverage for beneficiaries under these plans. It is crucial that these changes are implemented in a manner that continues to support the overarching goal of providing high-value, sustainable, and equitable health care for all Medicare beneficiaries.

The NHC appreciates CMS’s commitment to updating stakeholders with the prospective reinsurance payment amount for Part D Calendar Year EGWPs in the summer of 2024. Transparency and timely communication are essential to allow EGWP sponsors to adequately plan and adjust their offerings to meet the needs of their beneficiaries. As CMS finalizes these changes, the NHC encourages a collaborative approach that includes input from a broad range of stakeholders, including patient advocacy groups, employers, plan sponsors, and health care providers. This will ensure that the updates to the EGWP prospective reinsurance amount are informed by a comprehensive understanding of the potential impacts on patient care, coverage, and costs.

Part D Risk Sharing

The NHC recognizes CMS’ ongoing efforts in risk sharing to mitigate financial risks faced by Part D sponsors due to unforeseen drug expenses. We understand the importance of this mechanism in ensuring the sustainability of Part D plans and preserving beneficiaries’ access to a broad spectrum of affordable medications. Given the inherent unpredictability in health care costs, particularly during a time of significant change and uncertainty driven by the redesign of the Part D benefit included in the IRA, the NHC strongly encourages CMS to proactively widen the risk corridors for CY 2025. Such an adjustment would provide Part D sponsors with greater leeway to manage unforeseen fluctuations in drug costs, thereby enhancing the stability and predictability of Part D plans for both sponsors and beneficiaries. It will also allow sponsors to offer comprehensive and affordable coverage without resorting to restrictive formulary management or increased beneficiary cost-sharing.


In light of the ongoing changes to the Part D benefit and the continuous evolution of the health care landscape, particularly post-pandemic, it is imperative that CMS continually reassess the current risk corridor thresholds. We recommend a thorough evaluation of the risk sharing framework to ensure it remains responsive to the dynamic nature of health care costs, thereby supporting the overarching goal of maintaining robust and beneficiary-friendly Part D plans.

**RxHCC Risk Adjustment Model and Normalization Factors**

The 2025 Advance Notice proposes significant updates to the Part D Risk Adjustment (RxHCC) model to align with the IRA’s new benefit structure, which will notably increase plan liability, particularly for drugs used in catastrophic phases and by LIS enrollees. The updates entail modifying the model to reflect the 2025 IRA benefit structure, applying different normalization factors for MA prescription drug (MA-PD) versus standalone prescription drug plan (PDP) risk scores, removing 95 diagnosis codes, and updating data years to include more recent spending data. For NHC members, particularly those representing patients with chronic illnesses and conditions, these changes could have profound implications.

The recalibration of the RxHCC model is a critical step in ensuring that MA-PD and PDP payments accurately reflect the health status and expected costs of beneficiaries. The RxHCC Model plays a pivotal role in the Part D payment framework, ensuring that plans are adequately compensated for the risk associated with their enrolled populations and that plans have appropriate incentives to enroll all beneficiaries. If risk-adjusted payments are inadequate for certain therapeutic areas or beneficiary types, plans may have incentives to narrow formularies in these areas to limit potential financial losses. This could be detrimental to beneficiary access, particularly for more vulnerable patient populations.

The NHC believes that updates to the model to incorporate the new benefit structure and reflect the most recent (2021) diagnoses and (2022) expenditure data is essential for maintaining its relevance and accuracy, particularly considering ongoing changes in health care practices, drug costs, and population health trends. The detailed breakdown of relative factors for new enrollees by age, gender, and health status, including those with End-Stage Renal Disease (ESRD), provides a nuanced understanding of the risk profile across different beneficiary segments. The NHC appreciates the complexity of adjusting the RxHCC Model to better predict drug spending and the effort to make these adjustments transparent and data driven.

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14 Ibid.
Overall, the proposed changes to the RxHCC Model are crucial for the sustainability of the Part D program and for ensuring that beneficiaries continue to have access to a broad range of affordable prescription drugs. However, the NHC is concerned about the potential impact of these changes on beneficiaries, particularly those with chronic conditions or those requiring high-cost medications. It is vital that the recalibration of the RxHCC Model does not inadvertently lead to reduced access to necessary medications or increased out-of-pocket costs for beneficiaries. The NHC urges CMS to monitor the impact of these changes closely and to be prepared to make further adjustments if adverse effects on beneficiary access or costs are identified.

**MA and Part D Payment Methodologies**

It is imperative for CMS to closely monitor the impact of payment methodology updates on beneficiary premiums, OOP costs, and access to services proposed in the 2025 Advance Notice. Changes, including the adjustments to MA payments and the Part D redesign, necessitate a seamless transition to prevent disruptions in beneficiary access to necessary medications. The NHC, in its comments on the Part D Redesign, emphasized the need for CMS to collaborate with stakeholders, ensuring clear communication and support for beneficiaries. Enhancements to the Part D structure, such as the $2,000 annual OOP cap and the shift to a three-phase benefit, aim to alleviate drug costs. But they also pose a risk of unintended consequences on patient access through formulary restrictions. The NHC advises careful consideration of these updates’ real-world impacts, and urges CMS to work closely with all stakeholders, including patient advocacy groups, providers, and payers, to effectively communicate these changes and provide the necessary support to beneficiaries during the transition.

The NHC acknowledges the challenges associated with projecting appropriate growth rates and the complexities of accurately accounting for the wide range of costs, increased utilization, and the effects of inflation. Given these complexities, there is a concern that the proposed growth rates for 2025 might not fully reflect the actual increases in health care spending, which could lead to access challenges. The NHC emphasizes the importance of a thorough assessment of these factors and recommends a collaborative approach involving all stakeholders, including patient advocacy groups, providers, and payers, to ensure transparent communication of any changes and to offer adequate support to beneficiaries as they navigate these transitions.

**Star Ratings Changes for 2025 and Proposed Changes for 2026**

The NHC acknowledges CMS’ ongoing efforts to refine the Part C and D Star Ratings for 2025, aimed at enhancing the system’s accuracy and utility in assessing the quality of MA and PDPs. While these updates underscore CMS’ commitment to maintaining a dynamic and responsive Star Ratings framework, the NHC has significant concerns...
about the implications of certain changes, particularly the reduced weighting of measures related to patient experiences, complaints, and access.

The decision to diminish the weight of these patient-centered measures, starting with the 2024 measurement year for the 2026 Star Ratings, represents a concerning shift. The NHC emphasizes that patient experiences, complaints, and access to care are fundamental indicators of service quality and patient satisfaction. These measures offer critical insights into the lived experiences of beneficiaries, directly reflecting the responsiveness, accessibility, and patient-centricity of health plans.\(^\text{15,16}\) The reduction in their weighting from previously established levels to 2.75 raises concerns about potentially undermining the centrality of patient voices in the Star Ratings system. Moreover, while streamlining measure such as removing specific questions related to wait times in the “Getting Appointments and Care Quickly measure” might aim for efficiency, it is imperative that such streamlining does not eclipse the nuanced aspects of patient care and service that are crucial for beneficiary satisfaction and outcomes. Patient experiences and the ability to access care swiftly and effectively are vital components of health care quality and should be accorded substantial weight in quality assessments.\(^\text{17,18,19}\) The NHC urges CMS to reconsider the reduced weighting of patient

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experience measures and to ensure that the Star Ratings system continues to prioritize and accurately reflect the experience and needs of Medicare beneficiaries.

The NHC is also interested in the introduction of the Universal Foundation of Quality Measures, aimed at enhancing the standardization and efficiency of quality performance measures across CMS programs. This initiative has the potential to greatly enhance the comparability and effectiveness of quality assessments across different care settings and programs. By focusing on key areas such as chronic conditions management and person-centered care, the Universal Foundation could lead to significant improvements in care quality for individuals with chronic illnesses and conditions. However, the NHC is mindful of the challenges inherent in standardizing measures across diverse health care settings and populations. It is essential that these measures are developed and implemented in a way that captures the nuanced needs of patients with chronic illnesses, ensuring that the quality metrics are both relevant and sensitive to the variations in individual patient care.

The NHC is particularly interested in how the Universal Foundation will incorporate patient-reported outcomes and experiences, which are critical in evaluating the effectiveness of care from the patient's perspective. Measures that accurately reflect patient experiences, especially in managing chronic conditions and navigating the health care system, are vital for a truly patient-centered approach to quality improvement practices.

The NHC urges caution in the implementation of these changes to ensure that they do not inadvertently lead to unintended consequences, such as reduced focus on areas of care that are critical to patients with complex health needs. It is essential that CMS continues to engage with stakeholders, including patient advocacy groups, to better understand which measures are most important to patients and make necessary adjustments to the Star Ratings measures and methodologies.

The NHC also recognizes the challenges posed by extreme and uncontrollable circumstances, such as natural disasters, on health care delivery and plan performance. The policies outlined for addressing these circumstances in the Star Ratings are a prudent measure to ensure fairness and accuracy in the evaluation of plan performance under such conditions. However, it is crucial that these policies are applied transparently and equitably, with clear communication to beneficiaries and plan sponsors about their implications.

**Strengthen Mental Health Coverage and Care in MA**

The NHC supports the expansion of mental health services within MA plans, including a wider range of services such as occupational therapy and peer support, ensuring the

comprehensive well-being of patients. Given the ongoing reevaluation of the “Follow-Up after Hospitalization for Mental Illness” measure and the potential broadening of its scope and services, the NHC urges CMS to consider:

- **Comprehensive Inclusion:** The NHC urges CMS to mandate that MA plans provide broad coverage of mental health services, ensuring all beneficiaries, especially those recovering from mental illness, have access to the care they need.

- **Holistic Service Range:** The NHC supports the expansion of covered mental health services to include a wide array of therapeutic and support options, such as occupational therapy and peer services, recognizing the diverse needs and recovery paths of individuals with mental health conditions.

- **Adaptable Follow-Up Care:** The NHC recommends adopting flexible criteria for follow-up care that accommodate the varied and evolving needs of beneficiaries post-hospitalization, ensuring continuity and personalization of care.

The NHC urges CMS to consider these expansions and to ensure that mental health coverage is accessible and adequately addresses the needs of all beneficiaries, fostering a comprehensive approach to health care that encompasses both physical and mental health needs.

**Conclusion**

The NHC appreciates the opportunity to comment on the 2025 Advance Notice. Please do not hesitate to contact Eric Gascho, Senior Vice President of Policy and Government Affairs, if you or your staff would like to discuss these comments in greater detail. He is reachable via e-mail at egascho@nhcouncil.org.

Sincerely,

Randall L. Rutta
Chief Executive Officer