

Balancing financial pressure and equity in Medicare Advantage benchmark policy

ISSUE: When the Affordable Care Act (ACA) payment reforms that reduced MA program payments were instituted, there was some concern about whether MA would continue to grow and attract Medicare beneficiaries. This fiscal pressure did not have the negative effect that some had predicted. Instead, these payment reforms have resulted in the program generating savings in some areas but paying more for MA enrollees in other areas. Overall, the MA program is not generating savings relative to FFS payments. In order for the program to realize savings from the efficiency of the MA program, changes to current MA payment structure may be necessary.

KEY POINTS: We present simulations from an alternative to the current benchmarks structure.

ACTION: At the October 2020 meeting, we seek Commissioners' guidance about the new benchmark approach.