

Medicare Advantage: Calculating benchmarks and coding intensity

ISSUE: We present two issues related to MA payment accuracy: calculating MA benchmarks, and implementing a more equitable coding intensity adjustment.

KEY POINTS: MA enrollees must be enrolled in both Medicare Parts A and B; however, benchmarks used to calculate MA payment rates are based on spending for fee-for-service (FFS) beneficiaries enrolled in Part A and/or B. We present findings about the payment impact of calculating MA benchmarks with only FFS beneficiaries enrolled in both Parts A and B.

MA plans' collection of diagnosis codes is more extensive than FFS Medicare, resulting in payments to plans that are higher relative to FFS. We present findings about the variation in diagnosis code documentation across MA contracts, and discuss the implications of a coding intensity adjustment that is equal in size for all MA enrollees.

ACTION: Commissioners will discuss the findings, and give direction on future work on these topics.

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