

February 10, 2025

Via Electronic Submission

The Honorable Stephanie Carlton  
Acting Administrator  
Centers for Medicare & Medicaid Services  
7500 Security Blvd.  
Baltimore, MD 21244

Dear Acting Administrator Carlton:

The undersigned organizations are concerned about waste, fraud and abuse in the Medicare Advantage (MA) program. The government has been paying insurers significantly more per enrollee than it spends in traditional Medicare. These wasteful overpayments are causing significant challenges for Medicare's financial sustainability. We urge CMS to end all overpayments. At the very least, CMS should finalize the three-year phase-in period for the updated risk adjustment model.

According to the Medicare Payment Advisory Commission (MedPAC, January 2025), such overpayments will total \$84 billion in 2025 alone, resulting in \$13 billion in higher Part B premiums for all Medicare beneficiaries this year. Over the longer term, the Committee for a Responsible Federal Budget (July 2023) found that, without fixes to Medicare Advantage payment policy, overpayments to MA plans over the ten years ending in 2033 could total as much as \$1.56 trillion dollars. In addition, overpayments would take between \$400 billion and \$770 billion from the Medicare Part A Trust Fund, and such overpayments would force people with Medicare to pay between \$140 and \$260 billion more in Part B premiums.

There is more that the agency can and should do with respect to MA overpayments. By CMS' own estimates, the proposed 2026 rates would increase plan payment by 4.33%, or over \$21 billion next year. CMS has it within its direct authority to fix many of these causes of overpayment, including inflated benchmarks, favorable selection, and risk adjustment gaming. While we recognize that legislation will be required to address the County and Quality Bonus payments, we urge CMS to take the following additional actions:

- Revise the way it pays MA plans, including its benchmarking system, to eliminate documented sources of overpayments and create a new risk adjustment system not subject to gaming.
- Increase the minimum coding adjustment of 5.9% for the plans that most abuse the risk adjustment system, if not all of them (it should be noted that MedPAC expects 2025 MA coding to be 16% higher than traditional Medicare, MedPAC, Jan. 2025).
- Exclude information collected through in-home risk assessments or chart reviews for purposes of risk adjustment.
- Revise the way it pays MA plans to eliminate their disincentive to provide high quality care to enrollees with costly and complex conditions.
- Work with Congress to revise the Quality and County bonus systems so they are budget neutral, as are all other Medicare bonus payments. The bonus system should also

accurately reflect local MA plan info rather than aggregate findings. It should incorporate corrective action plans and sanctions for plans with 1, 2 or 3 star ratings.

Given that over half of all Medicare beneficiaries are now enrolled in MA plans, there is growing urgency to enhance oversight of the Medicare Advantage program, including addressing wasteful overpayments.

Center for Economic and Policy Research (CEPR)

Center for Health and Democracy

Center for Medicare Advocacy

Donald M. Berwick, MD, MPP, Former Administrator of CMS

Just Care USA

Labor Campaign for Single Payer

Public Citizen

Social Security Works