



Overview

The COVID-19 pandemic has continued to impact the health and well-being of all Americans, especially seniors and people with disabilities. The transition of clinical services from in-person visits to video and audio-only telehealth visits continues to impact older adults and individuals with disabilities who may have financial constraints, or functional or cognitive impairments that limit their access to health services. Continued stability of Medicare Advantage plans during the pandemic is important so these health plans continue to provide high-quality care delivery and innovation for seniors and vulnerable populations that are disproportionately affected by the virus.

This basic will highlight the actions that health insurance providers have taken to increase access to health services for Medicare Advantage beneficiaries, how the COVID-19 pandemic affects the stability of Medicare Advantage plans Medical Loss Ratio (MLR) calculations, and the importance of including audio-only telehealth risk adjustment in Medicare Advantage to ensure seniors and people with disabilities have access to health care services during the COVID-19 pandemic.

COVID-19 Medicare Advantage Coverage

Health plans have responded to the COVID-19 pandemic by lowering costs and expanding access to a variety of health services, including coverage for telehealth, and eliminating cost sharing for in-network COVID-19 testing and treatments.

Enhanced video and audio, and audio-only telehealth services for Medicare Advantage plans include expanding physical, occupational and speech therapy access, and waiving cost sharing for in-network telehealth visits for medical and mental health or substance use disorders. In-person and telehealth primary care appointments are also covered by Medicare Advantage plans to encourage beneficiaries to continue to schedule primary care appointments.

Medicare Advantage plans are also monitoring the general health of beneficiaries, including those who may be at higher risk for health issues and complications through outreach on COVID-19 and conducting regular health and social isolation checks. Some of these health plans are also directly contacting Medicare Advantage beneficiaries to ensure they have necessary medications, that their nutritional and medical transportation needs are met, and that other critical health needs are addressed. Through additional flexibilities from the Centers for Medicare & Medicaid Services (CMS), health plans are also expanding supplemental benefits mid-year to provide beneficiaries with healthy meals and pharmacy benefits through in-home delivery, and over-the-counter for supplies such as masks and gloves while social distancing measures remain in place.

Medicare Advantage Medical Loss Ratio

The Affordable Care Act required Medicare Advantage organizations and Medicare Part D plan sponsors to meet a minimum Medical Loss Ratio (MLR) of 85 percent. The MLR is the proportion of premium revenues that a health insurer spends on medical care and quality improvement activities in contrast to

Center Forward Basics

Center Forward brings together members of Congress, not-for-profits, academic experts, trade associations, corporations and unions to find common ground. Our mission: to give centrist allies the information they need to craft common sense solutions, and provide those allies the support they need to turn those ideas into results.

In order to meet our challenges we need to put aside the partisan bickering that has gridlocked Washington and come together to find common sense solutions.

For more information, please visit www.center-forward.org

Key Definitions

- **Medicare Advantage (MA)**
A private health care option for seniors eligible for Medicare. MA plans cover all Medicare services, but can also offer supplemental benefits such as vision, hearing and dental coverage. More than a third of Medicare beneficiaries are enrolled in a MA plan.
- **Medical Loss Ratio (MLR)**
The MLR is the proportion of premium revenues that a health insurer spends on medical care and quality improvement activities in contrast to the administrative activities and profit.

administrative activities and profit. The MLRs that health plan sponsors report is sent to the Centers for Medicare and Medicaid Services (CMS) on an annual basis.

If a Medicare Advantage organization or a Medicare Part D plan sponsor does not meet the 85 percent MLR threshold, they will be subjected to financial penalties and are required to provide a financial rebate to CMS; notably, not to beneficiaries. If a health plan fails to meet the MLR threshold for three consecutive years, they are subjected to enrollment penalties and are prohibited from accepting new beneficiaries. Further, if a health plan fails to meet the MLR threshold for five consecutive years, CMS terminates the contract. Notably, CMS has only once subjected a plan to contract termination due to noncompliance.

Due to the COVID-19 pandemic and the enforcement of social distancing measures, Medicare Advantage plans face a particular challenge in ensuring that the MLR threshold will be met in 2020. Initially due to the pandemic, while patients adhered to stay at home orders, beneficiaries deferred care, however, utilization is starting to increase. Despite the increasing number of beneficiaries obtaining care, and coverage for telehealth and additional services during the pandemic, many health plans will likely not meet the 85 percent threshold in 2020 due to the COVID-19 pandemic. Barring Congressional action, the consequences from the COVID-19 pandemic could create future instability and premium increases for seniors on Medicare Advantage.

Audio-Only Telehealth Risk Adjustment

Medicare Advantage risk adjustment is a critical tool to account for the health status of Medicare Advantage beneficiaries on an annual basis to ensure that beneficiaries receive appropriate and quality care and services. Health plans that participate in a Medicare Advantage program receive monthly capitated (per member per month) payments for each Medicare Advantage enrollee that are based on the expected health care costs of their members, accounting for the level of illness in that population. Medicare Advantage plans then use the payments to ensure appropriate resources are available to care for beneficiaries.

Clinical services have now transitioned from in-person visits to video and audio-only telehealth visits due to the COVID-19 pandemic and the enforcement of social distancing measures. This decrease in utilization of in-person visits for health services complicates short- and long-term diagnoses for all Medicare Advantage beneficiaries. Many diagnoses are now obtained and reconfirmed through audio-only visits, which are not eligible for risk adjustment payments to Medicare Advantage plans.

Further, Medicare Advantage beneficiaries have faced challenges in accessing telehealth services. While health plans provide increased access to telehealth during the COVID-19 pandemic, Medicaid Advantage beneficiaries may not have the appropriate equipment for video communication, or lack access to internet due to cost or rural connectivity issues. In addition, beneficiaries may face financial constraints accessing two-way audio-video communication devices, or have functional or cognitive impairments that hinder their ability to use the devices during the pandemic. Per a survey of 1,000 Medicare Advantage beneficiaries from the Better Medicare Alliance, only 24 percent of beneficiaries accessed telehealth services during the COVID-19 pandemic. Further, 18 million Americans do not have access to the necessary broadband needed to access these telehealth services.

Including audio-only telehealth visits in risk adjustment calculations is critical for Medicare Advantage plans ability to accurately account for beneficiaries' health conditions. Further, the lack of 2020 data for accurate risk adjustment

- **Audio-Only Telehealth**
Telephone calls (audio only), are non-face-to-face evaluation and management services provided to a patient using the telephone by a physician or other qualified health care professional, who may report evaluation and management services.
- **Medicare Advantage Risk Adjustment**
A program intended to prevent risk selection by insurers, or discrimination against beneficiaries with high-cost conditions. The program transfers funds from plans with lower-risk enrollees to plans with higher-risk enrollees to encourage competition based on value rather than by enrolling a greater number of low-risk beneficiaries. Along with reinsurance and risk corridors, risk adjustment is one of the ACA's three premium stabilization programs

A full glossary of common health care terms can be found [HERE](#).

Additional Resources

- 3M - [Demystifying Medicare Risk Adjustment](#)
- Association for Health Insurance Plans - [Health Insurance Providers Respond to Coronavirus](#)
- Association for Health Insurance Plans- [The Medicare Advantage Risk Adjustment System: What It Is and Why It's Important](#)
- Better Medicare Alliance- [Medicare Advantage Medical Loss Ratio Fact Sheet](#)
- Better Medicare Alliance - [Audio-Only Telehealth](#)

will have negative impacts on payment accuracy for Medicare Advantage beneficiaries in the future if it is not addressed. Without Congressional action to ensure risk adjustment reflects accurate 2020 data, Medicare Advantage beneficiaries could experience negative impacts going forward.

Looking Ahead

While the COVID-19 pandemic continues to affect the U.S. health care system, it is important for Congress and the administration to consider the longer-term impacts of the pandemic on health coverage, particularly for Medicare Advantage plans, which provide coverage for 22 million Americans.

Providing flexibilities in the MLR calculations for Medicare Advantage plans during the COVID-19 pandemic will help ensure the sustainability of the health plans and coverage for patients with chronic conditions. Additionally, including audio-only telehealth diagnosis in risk adjustment calculations is critical to ensure that the health status of seniors and people with disabilities will be fully accounted for and that these individuals will continue to be able to access affordable, high-quality care through Medicare Advantage plans during the COVID-19 pandemic.

[Essential for Risk Adjustment in Medicare Advantage](#)

- [Better Medicare Alliance - Poll: Seniors Give Telehealth High Marks: Medicare Advantage Satisfaction Smashes New Record](#)
- [Centers for Medicare and Medicaid Services – Report to Congress: Risk Adjustment in Medicare Advantage, December 2018](#)
- [Federal Communications Commission - 2020 Broadband Deployment Report](#)
- [Kaiser Family Foundation - A Dozen Facts About Medicare Advantage in 2019](#)
- [Medicare.gov- Medicare Advantage Plans](#)
- [National Health Council - Risk Adjustment Brief](#)

