

Why the Medicare Advantage 2024 Advance Rate Notice Represents a Cut, Not an Increase

More than 30 million seniors and people with disabilities choose Medicare Advantage (MA) because it delivers lower costs, more choices, and better access to care. Any proposed policy changes to MA must be carefully considered and based on data and evidence – described clearly and based on agreed-upon facts. Unfortunately, the Centers for Medicare & Medicaid Services' (CMS) latest Advance Notice [Fact Sheet](#) breaks precedent with past rate notice changes, raising significant concerns about how proposals would impact premiums and benefits.

According to the 2024 Advance Rate Notice, **CMS is proposing a 2.27% cut in MA rate payments** - yet the agency claims an overall 1.03% increase. How is this possible? Simply, the agency does this by relying on an upward 3.30% “trend” that is neither supported nor relevant.

The final result is clear: the Advance Rate Notice represents a 2.27% cut in payments, just as the [Medicare Trustees have projected](#) that costs per Medicare enrollee for 2024 will grow 5%. These cuts will result in higher premiums and fewer benefits for seniors and people with disabilities.

To reach its conclusion of a 1.03% increase, CMS based its calculations on its own internal estimate of MA risk score trends for 2024 – looking at how it believes, on average, MA plans will code in 2024. There are many problems with including this estimate as part of their analysis of the impact of the Advance Rate Notice:

- **The Estimate Is Explicitly Omitted from the Advance Rate Notice Document:**
This estimate is an internal CMS assumption. It does not appear anywhere in the Advance Rate Notice and is only referenced in the Fact Sheet summary chart. It is not part of the benchmark calculation against which plans bid and has nothing to do with the payment rates for 2024.
- **It is an Unsupported Upward Estimate:** The estimate is provided with no transparency or supporting information on how it was reached. The estimate is explained only in a footnote in the Fact Sheet, and the agency offers no information on how they calculated this figure.
- **CMS Has Offered Contradictory Assumptions:** The estimate projects risk score trends will increase. However, the changes being proposed and included in the Notice would *reduce* the impact of coding for 2024, not increase it.

“We note that rate updates in recent years have been presented without the inclusion of risk score trend, and we view this as a factor that is independent of the rate update process.”

– Wells Fargo

America’s seniors and people with disabilities are clear: They like Medicare Advantage, and they want the Administration and Congress to support the program, which delivers better services, better access to care, and better value. That is why health insurance providers join with policymakers committed to the goal of strengthening and protecting MA.