



February 7, 2025

Jeff Wu, Acting Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
200 Independence Ave SW
Washington, DC 20201

Submitted electronically via regulations.gov

RE: CMS-2024-0360; Advance Notice of Methodological Changes for Calendar Year (CY) 2026 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies

Dear Acting Administrator Wu:

On behalf of the American Academy of Family Physicians (AAFP), which represents 130,000 family physicians and medical students across the country, I write to share comments on the Advance Notice of Methodological Changes for Calendar Year (CY) 2025 for Medicare Advantage (MA) Capitation Rates and Part D Payment Policies. **We support CMS' proposal to adjust the calculations used to estimate the per capita cost estimate for Puerto Rico to better estimate average FFS beneficiary costs.**

Additional Adjustment to FFS per Capita Costs in Puerto Rico

CMS proposes to continue adjustments to the calculations used to estimate the FFS per capita cost estimate in Puerto Rico. Medicare Advantage rates are based on the FFS per capita cost estimate, and because Puerto Rico has much lower enrollment Medicare Parts A and B than other geographies, a modified methodology is necessary to correctly estimate average FFS costs.

The AAFP strongly supports adjustments to the methodology used to estimate FFS costs in Puerto Rico. Ninety-four percent of all Medicare beneficiaries are enrolled in an MA plan in Puerto Rico.ⁱ This means FFS cost estimates are likely based on a sample of less than 10% of Medicare beneficiaries in Puerto Rico. Further, a higher proportion of FFS beneficiaries in Puerto Rico show no utilization (zero claims) compared to the proportion of FFS beneficiaries nationally with zero claims.ⁱⁱ Given the limited sample size and abnormal utilization patterns within this small group, adjustments are necessary to develop a true estimate of average FFS per capita cost.

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The AAFP supports the adjustments CMS proposes for 2026, including adjustments to the weighting of FFS beneficiaries with zero claims and removing beneficiaries who are not enrolled in both Parts A and B.

We recommend CMS make additional adjustments to ensure the FFS cost estimate. There is evidence that beneficiary utilization of primary care services varies between the FFS, dual-eligible, and MA beneficiary populations in Puerto Rico.ⁱⁱⁱ We encourage the Secretary to use other information and data to make a more accurate estimates of actual per capita costs to care for an average MA beneficiary. For example, **we recommend CMS use comparisons to national averages or similar geographies to improve the accuracy of the FFS per capita cost estimate.** This includes setting an average geographic adjustment (AGA) based on a national average or budget neutral floor or applying the AGA from a comparable geography, such as the United States Virgin Islands.

We appreciate the opportunity to provide comments on these proposed changes. The AAFP is eager to collaborate with CMS to advance access to high-quality, comprehensive primary care. Should you have any questions, please contact Julie Riley, Regulatory and Policy Strategist, at jriley@aaafp.org.

Sincerely,

A handwritten signature in cursive script that reads "Steve Furr, M.D., FAAFP".

Steven Furr, MD, FAAFP
American Academy of Physicians, Board Chair

ⁱ Nancy Ochieng, Jeannie Fuglesten Biniek, Meredith Freed, Anthony Damico, and Tricia Neuman.

"Medicare Advantage in 2023: Enrollment Update and Key Trends," KFF, Aug 9, 2023.

<https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2023-enrollment-update-and-key-trends/>

ⁱⁱ The Moran Co. Analysis of Puerto Rico fee-for-service Medicare experience: implications for setting Medicare Advantage benchmarks. January 2017. Accessed February 19, 2024. <https://mmapapr.org/wp-content/uploads/2018/12/Analysis-of-Puerto-Rico-Fee-For-Service.pdf>

ⁱⁱⁱ *Ibid.*