February 20, 2026

The Honorable Mehmet Oz, MD
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Submitted electronically via regulations.gov

RE: CMS-2026-0034, Medicare Program; Contract Year 2027 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, and Medicare Cost Plan Program

Dear Administrator Oz:

On behalf of the American Academy of Family Physicians (AAFP), representing more than 128,300 family physicians and medical students across the country, I write to share comments on the Advance Notice of Methodological Changes for Calendar Year (CY) 2027 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies.

We appreciate the opportunity to respond to these proposals and urge CMS to:

- **Continue to adjust calculations used to estimate the fee for service (FFS) per capita cost estimate in Puerto Rico; and**
- **Finalize the proposal to exclude diagnoses obtained from audio-only encounters and unlinked chart review records from risk adjustment calculations.**

Attachment II. Changes in the Payment Methodology for MA and PACE for CY 2027
Section B5. Additional Adjustments to FFS per Capita Costs in Puerto Rico
CMS plans to continue adjusting calculations to estimate FFS per capita costs in Puerto Rico. Because Medicare Advantage (MA) rates are based on these figures—and because Puerto Rico has lower participation in Medicare Parts A and B than other areas—a tailored approach is required to accurately measure average FFS spending.

The AAFP supports continued 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

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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.

The AAFP supports the adjustments CMS proposes for 2027, including adjustments to the weighting of FFS beneficiaries with zero claims. We assume this weighting also includes removing beneficiaries who are not enrolled in both Parts A and B (as in previous years); if not, we urge CMS to also make this adjustment to the methodology.

Section G2. Proposed Updates to the CMS-HCC Model
CMS proposes to exclude diagnoses obtained from audio-only encounters using modifier "93" or "FQ" and to exclude diagnoses from unlinked chart review records.

The AAFP supports guardrails to prevent the unreasonable use of third-party assessments to bolster risk scoring. A 2024 Office of the Inspector General (OIG) report found that $7.5 billion in MA overpayments are based on unsupported diagnoses documented in health risk assessments (HRAs) and HRA-linked chart reviews. We believe CMS's proposal targets a portion of these payments by excluding diagnoses from plan-initiated telehealth HRAs and would also create guardrails for the use of diagnoses captured in chart review records that are not linked to a service.

We have previously expressed concerns regarding the validity of diagnoses obtained via in-home HRAs and HRA-linked chart reviews. The Medicare Payment Advisory Commission (MedPAC) has also questioned the accuracy of diagnoses only obtained through telehealth and in-home HRAs, noting that diagnoses are often based on enrollee self-reporting or may require verification by diagnostic equipment not present during the visit.[iii]

The AAFP believes the accuracy of data used for risk adjustment purposes is paramount and that the physicians and other clinicians who serve as the patient's usual source of continuous primary care are best positioned to provide these data. **We recommend CMS finalize this proposal**, as it will discourage the use of third-party assessments that often ignore the patient's best interest by focusing on identifying patient risk factors over addressing actual patient needs.

Thank you for the opportunity to provide comments. Should you have any questions, please contact Julie Riley, Senior Strategist, Regulatory and Federal Policy, at jriley@aafp.org.

Sincerely,

Jen Brull, MD, FAAFP
American Academy of Family 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] Medicare Payment Advisory Commission. (2023, March). Chapter 11: Medicare Advantage coding intensity. In *Report to the Congress: Medicare payment policy* (pp. 329–356). https://www.medpac.gov/wp-content/uploads/2023/03/Ch11_Mar23_MedPAC_Report_To_Congress_SEC.pdf