



# Health Plan Accountability Update

**December 2024**

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## **TOP NEWS**

### [CMS releases proposed rule for 2026 Medicare Advantage, prescription drug plans](#)

The Centers for Medicare & Medicaid Services Nov. 26 proposed changes to the Medicare Advantage and prescription drug programs for contract year 2026. Those changes would permit coverage of anti-obesity medications in the Medicare and Medicaid programs; fortify existing limitations on insurer use of internal coverage criteria and requirements for MA plans to provide coverage for all reasonable and necessary Medicare Part A and B benefits; and apply additional guardrails to insurer use of artificial intelligence to ensure it does not result in inequitable treatment or access to care. CMS also proposes to update MA and Part D plan medical loss ratio reporting requirements to improve oversight, align reporting with commercial and Medicaid reporting, and request additional information on MLR and vertical integration.

### [AHA makes recommendations supporting CMS' proposed MAO data collection and audit protocol](#)

The AHA Nov. 11 voiced strong support for the Centers for Medicare & Medicaid Services' proposed plan for data collection and reporting requirements for Medicare Advantage organizations. In addition, the AHA supports CMS' proposed audit protocol, which would assess MAO compliance with MA utilization management program requirements codified in the calendar year 2024 MA final rule.

## OTHER NEWS

### [GAO finds private insurance market became increasingly concentrated last decade](#)

The Department of Health and Human Services' Government Accountability Office Nov. 14 released a report that determined the private health insurance market became increasingly concentrated from 2011-2022. GAO considered a market concentrated if three or fewer insurers held at least 80% of the market share, which it found for individual and employer group markets in at least 35 states. In addition, the GAO found that for the large group market, the number of states where 80% of market share was held by a single insurer doubled from six to 12.

## MEDICARE ADVANTAGE

### [Analysis: MA plans more likely to classify hospital stays as observation visits, compared with traditional Medicare](#)

A report released Oct. 23 by Kodiak Solutions found that Medicare Advantage plans classified three to four times as many hospital stays as observation visits from July 2023 through June 2024 when compared with traditional Medicare. MA plans began classifying fewer stays as observation visits in January when a new federal regulation required MA plans to offer their members the same services received by traditional Medicare beneficiaries. But MA plans continue to classify hospital stays as observation at a much higher rate than fee-for-service Medicare. Observation rates for MA plans ranged between 18.1% to 20.2% of claims in the final six months of 2023, then fluctuated within a range of 14.4% and 16.1% in the first six months of this year. Meanwhile, observation rates in traditional Medicare within the 12-month period trended at a much lower range of 5.2% to 3.7%.

### [OIG report finds insurers collected billions in questionable MA payments](#)

A report released Oct. 24 by the Office of Inspector General for the Department of Health and Human Services found that insurers received an estimated \$7.5 billion in Medicare Advantage risk-adjustments for 2023 through health risk assessments and related medical record reviews. OIG said the lack of any other follow-up visits, procedures, tests or supplies for diagnoses in the MA encounter data raises concerns that either the diagnoses are inaccurate, thus the payments are improper, or MA enrollees did not receive needed care for serious conditions reported only on HRAs or HRA-linked chart reviews. In-home HRAs and HRA-linked chart reviews generated nearly two-thirds of the estimated \$7.5 billion, the report said. According to

OIG, UnitedHealth Group and Humana accounted for over \$5.4 billion of the estimated \$7.5 billion.

## LEGISLATIVE ACTIVITY

- [AHA Responds to CMS Medicare Advantage Data and Audit Proposed Protocol](#), Nov. 11
- [AHA Urges Congress to Act on Key Priorities in Lame-duck Session](#), Nov. 12
- [AHA Asks Congressional Leadership to Fund Hospitals, Protect Health Care Workers](#), Nov. 13
- [AHA Statement on CMS Medicare Advantage Proposed Rule](#), Nov. 26
- [Special Bulletin: CMS Issues Proposed Rule for CY 2026 Medicare Advantage, Prescription Drug Plans](#), Nov. 27

## TELL US YOUR STORY

We want to hear about your experience with commercial health plans and how inappropriate use of prior authorization, payment delays and other harmful policies are affecting your patients. We welcome submissions in writing or by video or image upload. We will not use any information publicly without your permission.



Log in to our AHA.org to access the [Health Plan Accountability page](#) and scroll to the bottom to submit your story or experience. You may also upload documents, videos or other supporting material.

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