

Special Needs ————— ————— Plan Alliance

CMS Releases 2026 Final Rate Notice

Today, April 7, CMS released the Calendar Year 2026 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies (the "CY 2026 Rate Announcement"). For Special Needs Plans (SNPs), the major final provisions are:

1. **Increase in the growth rate from 5.93% to 9.04%:** CMS used more recent data and found that their projections of future spending were higher due to increases in spending from using updated data. This higher growth rate will lead to benchmarks being about 9% higher in 2026 than 2025, on average.
2. **Part D Split Normalization Factors Finalized as Proposed:** CMS noted that it continues to believe that split normalization factors are needed to achieve the overall 1.0 Part D risk score.
3. **V28 Model Fully Phased-In:** CMS noted concerns expressed by commenters about disparate impacts from the V28 model but noted that impacts can vary by plan type.
4. **Indirect Medical Education (IME) Cost Phase-Out:** CMS will fully remove fee-for-service indirect medical education costs from the county benchmarks.

Final Payment Provisions

Below, the SNP Alliance provides an overview of the top tier payment provisions impacting SNPs.

- a. *Separate Part D Normalization Factors for 2026*
 - Advance Notice: CMS proposed using separate normalization factors for Medicare Advantage (MA) Part D plans (MA-PDs) and standalone Prescription Drug Plans. These factors were 1.194 for MA-PDs and 0.887 for PDPs.
 - Final Rate Notice: CMS finalized the separate normalization factors as proposed. The agency believes that these separate normalization factors are needed in order to maintain an average 1.0 risk score across the Part D program. This finalized policy will result in higher Part D bids and premiums for SNPs.
- b. *Part D Risk Sharing Demonstration*
 - Advance Notice: CMS noted that it intended to conduct a demonstration that would provide premium stabilization and narrowed risk corridors for PDPs.
 - Final Rate Notice: CMS will conduct this demonstration for PDPs only and will not extend the narrowed risk corridors to MA-PDs. CMS noted that it expects that because changes to the benefit are modest for 2026, CMS anticipates the parameters for the demonstration will be mitigated.
- c. *V28 Model – Final Phase-In*

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- Advance Notice: CMS proposed fully phasing-in the V28 model for 2026.
- Final Rate Notice: CMS phased-in the model as proposed and pointed out in response to concerns about impacts on individuals with complex chronic conditions that when the model is updated, “the impact on each plan can vary, depending on the demographic and health characteristics of their enrollees”.

d. Risk Adjustment Model Development Using Encounter Data

- *Advance Notice:* CMS noted it was considering estimating the model on encounter data, as soon as 2027 payment year.
- *Final Rate Notice:* CMS acknowledged commenters asking for an extended comment period and noted that it is committed to “evaluating these concerns carefully... as we’ve done with previous risk adjustment model updates.”

Final Quality Provisions

The SNP Alliance provides a summary of the Updates for Part C and D Star Ratings – with the three main areas as follows:

a. Changes in Star Measures and Removal

- Advance Notice:
 - Changes to measures included making changes to the Statin Therapy for Patients with Cardiovascular Disease measure, Transitions of Care measure, and adding to the inclusion criteria for three HOS-derived measures - Monitoring Physical Activity, Reducing the Risk of Falling, and Improving Bladder Control – to extend to younger people with disabilities.
 - There were also changes proposed for the following measures: Diabetes Blood Sugar Control, Concurrent Use of Opioids and Benzodiazepines, Med Adherence (for DM, Hypertension, Statins, Poly-ACH).
 - There was a proposed removal of 11 measures including the three SNP-specific measures.
- Final Rate Notice:
 - The measure changes where PQA is the measure steward, such as with the Concurrent Use of Opioids and Benzodiazepines, Med Adherence (for DM, Hypertension, Statins, Poly-ACH) measures, are moving forward and being applied to this 2025 measurement year.
 - Statin Therapy measure – considered a substantive change so would need to go through rulemaking
 - CMS describes the comments briefly on the proposed measure change on the TRC and HOS measures and on the removal of the 11

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measures proposed, but did not move forward at this time. CMS notes that any changes to the measure set would need to be proposed and finalized through the rulemaking process.

b. Display Measures

- Advance Notice: Multiple Display Measures – COPD Exacerbation, Poly-CNS Social Needs Screening and Intervention Measure and Financial Reasons for Disenrollment Measure proposed as Display Measures;
- Final Rate Notice:
 - Display Measures: Poly-CNS measure - skeletal muscle class of medications are being added and apply for the 2025 measurement year. Use of Opioids (OHD) measure exclusions are being applied to the 2025 measurement year. IOP-LD Opioid Prescribing measure revised definition being implemented for the 2025 measurement year.
 - Financial Reasons for Disenrollment – currently being tested and available for the 2026 Display Page covering the 2024 MY.
 - SNS – CMS is no longer considering adding the Social Need Screening and Intervention (Part C) measure to the display page or proposing it through rulemaking to add to the Star Ratings program.

c. Measure Concepts

- Advance Notice: Suggested adding factors beyond DE/LIS/Disabled to the Health Equity Index; proposed measure concepts including Diabetes Foot Exam, Colorectal Cancer Follow up, ESRD, Adult COVID-19 Vaccination measure; Person-Centered Outcome Measure
- Final Rate Notice:
 - Renamed HEI to “Excellent Outcomes for All” (EHO4all) index-- everything else remains as it was in previous rulemaking; the EHO4all will still be implemented beginning with the 2027 Star Ratings; no new factors at this time.
 - Regarding the other measure concepts – CMS states the information/comments are being provided to the measure steward.

Next Steps

On April 10, 2:30 – 3:30 EST, the SNP Alliance will hold a member-only briefing on the Final Notice. Following the briefing, a longer summary and analysis will be provided based upon member feedback during the webinar. To register for the webinar, [click here](#).