February 25, 2026

Chris Klomp
Deputy Administrator
Director, Center for Medicare
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
7500 Security Boulevard
Baltimore, MD 21244

Submitted electronically to: www.regulations.gov

Re: ***Advance Notice of Methodological Changes for Calendar Year (CY) 2027 for Medicare Advantage (MA) Capitation Rates, Part C and Part D Payment Policies***

Dear Deputy Administrator Klomp:

CareFirst Blue Cross Blue Shield, Alterwood Health and Kaiser Permanente of the Mid-Atlantic States appreciate the opportunity to provide comments on the Contract Year (CY) 2027 Advance Notice of Methodological Changes for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies (the CY 2027 Advance Notice).

As Medicare Advantage plans that predominantly serve Maryland Medicare beneficiaries, we are concerned that the proposed average 0.09% increase in plan payments, if finalized, would further erode the Maryland Medicare Advantage market. For many years, Maryland's Medicare Advantage market has faced instability due to the payment distortion between the Maryland Total Cost of Care (TCOC) Model and Medicare Advantage benchmark rates. While the Centers for Medicare & Medicaid Services (CMS) and the State of Maryland have committed to Medicare Advantage market stabilization as Maryland transitions to the AHEAD Model, we believe the CY 2027 Advance Notice threatens the viability of that commitment to the detriment of the seniors and disabled individuals our plans serve.

Participation in Medicare Advantage plans in Maryland is among the lowest in the nation. Low Medicare Advantage penetration is primarily a result of the technical disconnect in CMS' methodology for paying Medicare Advantage plans, based on county-level Medicare fee-for service spending, and Maryland's TCOC Model. This methodology artificially underfunds Medicare Advantage plans by not factoring in the unique all-payer hospital model in CMS' quartile adjustments. Secondarily, plans cannot negotiate hospital rates, and plan-specific utilization reductions may be offset with rate increases to ensure hospitals meet their global budgets.

Maryland's challenging Medicare Advantage landscape has led to significant disruptions in coverage and fewer choices for beneficiaries. Over the past decade Maryland has experienced consistent market exits, elimination of products, and service area reductions. In 2025 alone, more than 50,000 of the approximately 285,000 Marylanders enrolled in Medicare Advantage were notified that their plan would no longer be available in 2026 because of plans exiting the market.

Our plans continue to serve Marylanders who choose Medicare Advantage. However, we are concerned that the proposed near-flat rate increase will only lead to additional market disturbances for beneficiaries due to unsustainable losses. Furthermore, CMS' proposal to maintain its graduate medical education (GME) and kidney acquisition cost (KAC) carve-out policies for CY 2027 will continue to disproportionately reduce rates in Maryland counties and add further disruption to an already suboptimal market. We recommend that CMS reconsider these Maryland-specific policies given the unique economic factors in our market.

In addition, the proposed removal of diagnoses from unlinked chart reviews particularly disadvantages smaller, regional Medicare Advantage plans experiencing an influx of new enrollees from plans exiting the market. To ensure our plans can properly document these new enrollees' conditions and continue their care, and to prevent even more pronounced revenue challenges for our plans, we recommend that CMS include an exception to the proposed unlinked chart review policy for new enrollees.

While we appreciate efforts by CMS and the State to attempt to stabilize the Maryland Medicare Advantage market through the implementation of the AHEAD Model, that progress could be severely impeded by a final rate notice that does not reflect the true cost of providing care in Maryland. We look forward to working with you to continue finding solutions to meet the needs of Marylanders.

Sincerely,

Mark Puente
President
Alterwood Health

Mike Rapach
SVP Government Programs
CareFirst BCBS

Emily Holliman
Interim Regional President
Kaiser Permanente of the Mid-Atlantic States