

Smaller insurers' trade group backs changes to Medicare Advantage

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A group of Medicare Advantage insurers is calling for drastic changes to the program as Congress and the Trump administration increasingly show signs of frustration with it.

The Alliance of Community Health Plans — which represents 30 local, nonprofit health plans — on Wednesday claimed large Medicare Advantage insurers collect hundreds of dollars more per patient in “risk adjustment” payments from the government.

Payments to Medicare Advantage plans are adjusted based on how sick a patient is. Critics say plans can make patients look sicker through risk adjustments to increase the bottom line.

ACHP’s analysis of data from the Centers for Medicare and Medicaid Services found that in 2023, the two largest insurers had average risk scores that ranged from 19 percent to 32 percent higher than ACHP nonprofit health plans.

The organization presented information on a call with reporters that the largest national Medicare Advantage insurer — UnitedHealthcare — collected up to \$785 more per beneficiary than local, nonprofit plans that year.

“So we now believe that it's got to be, as I said, just a breathtaking reform of risk adjustment,” ACHP President and CEO Ceci Connolly said on the call. The Trump administration has “indicated that they want to root out waste and abuse. This is it right here, right in front of your very eyes,” she said.

UnitedHealthcare did not immediately respond to a request for comment.

ACHP presented a proposal to the administration last week calling for “streamlining” risk adjustment by focusing on demographic information like age, sex and disability status, and a small number of health conditions, such as cancer and chronic kidney disease. Currently, plans can code for hundreds of conditions that can lead to higher risk adjusted payments.

The current system disadvantages smaller plans because large plans have the resources to spend digging for diagnoses to get higher payments, Connolly said.

“We see a very unique opportunity with this administration, and we've worked very hard to bring them a set of proposals that they can act on,” she said.

The administration could make changes to risk adjustment through the upcoming Medicare Advantage rule, which is typically released in the winter.

Congress has also looked at Medicare Advantage, most recently in the debate over the budget reconciliation package ([PL 119-21](#)) that President Donald Trump signed in July.

It's also possible Medicare Advantage legislation could be included in a bipartisan health package that Sen. [Bill Cassidy](#), R-La., chair of the Senate Health, Education, Labor and Pensions Committee, is working on.

Cassidy has a bill ([S 1105](#)) that would prevent plans from using diagnoses collected from chart reviews or health risk assessments for risk adjusted payments. As it stands, plans can review patient charts and health history to find diagnoses to code for.

ACHP said, however, that meaningful change needs to go far beyond those changes.

“If we are focused on risk assessments and we're focused on chart reviews, we're not focused on the larger question of 'is the model working? Is it too complicated?' We are essentially saying 'find other ways to game the model,’” said Michael Bagel, ACHP vice president of policy.