MPGROUP
NAVIGATE MEDICARE TOGETHER

MP Compass

April 2026

How the Government Pays Medicare Advantage Plans

Medicare is a complex program that provides care both through the federal government and private Medicare Advantage plans. The government collects taxes and premiums for Medicare Parts A and B, and when an individual enrolls in a Medicare Advantage plan, a portion of those funds is reallocated to the private insurer.

This payment process is known as capitation. Capitation is a fixed monthly payment made to the Medicare Advantage plan to cover the estimated cost of care for each enrollee.
Under this model, there is a standard base payment, but the amount can increase through what's called risk adjustment. These adjustments are higher for older individuals and those with multiple health conditions, based on the expectation that their healthcare costs will be greater.

You may have seen recent news about the Centers for Medicare & Medicaid Services (CMS) proposing a smaller increase in payments to Medicare Advantage plans for 2027. One reason for this is that, in 2025, CMS estimates it overpaid Medicare Advantage plans by $76–84 billion. This equates to roughly $15.60 per month in Part B premiums, or about a 7.7% increase for beneficiaries.

A key factor behind these overpayments is the risk adjustment system. As a result, reducing future payment increases could help lower overall Medicare costs, particularly Part B premiums, which are paid by all enrollees.

How the Government Pays Medicare Advantage Plans - Continued

There have also been several legal developments related to this issue. For example, Aetna recently reached a $117.7 million settlement with the U.S. Department of Justice over allegations under the False Claims Act. The case involved the use of inaccurate diagnostic codes that may have inflated payments through risk adjustment.

In addition, Elevance Health is currently facing similar allegations, with ongoing legal proceedings. CMS has also set a deadline of March 31, 2026 for the company to submit documentation related to past payments.

UnitedHealthcare is also under investigation for its billing practices and potential overpayments, though no settlement has been reached at this time.

The key takeaway is that efforts to reduce overpayments in Medicare Advantage could benefit all Medicare enrollees. Lowering excess payments and addressing potential fraud may help reduce Part B premiums and improve the long-term affordability and sustainability of the Medicare program.

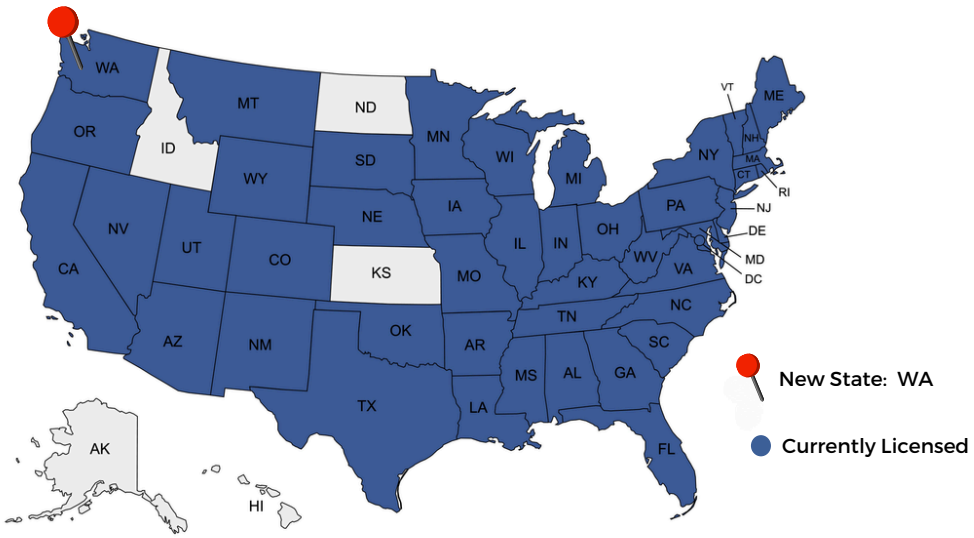
Your Trusted Medicare Partner

At MP Group, we're committed to use our newsletter as a vehicle to communicate important changes throughout the year. If you have questions about these updates or need additional guidance, don't hesitate to contact me at any time.

When you work with MP Group, you'll always know more and stress less about your Medicare benefits and costs.

Know more and stress less with MP Group.

MP Group is Expanding!



Medicare and Telehealth Update

Telehealth benefits under Medicare were originally set to expire on January 31, 2026. However, under the Consolidated Appropriations Act of 2026, many of the telehealth flexibilities introduced during COVID have been extended through December 31, 2027.

These extended benefits include:

Location Flexibility:

Medicare beneficiaries can continue receiving telehealth services from the comfort of their homes, rather than traveling to a designated healthcare facility. Telehealth services also remain available at Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) for non-behavioral and non-mental health services.

Provider Eligibility:

A broad range of healthcare providers, including physicians, nurse practitioners, and physical therapists, can continue offering telehealth services without interruption.

Mental Health Services:

The previous requirement for an in-person visit within six months of an initial Medicare behavioral or mental health telehealth service has been removed.

Audio-Only Access:

Telehealth services will continue to be available for individuals who only have access to a telephone, allowing for audio-only visits when video is not an option.

Telehealth continues to help thousands of Medicare beneficiaries access needed care each year, and this extension ensures that these important services remain available for the foreseeable future.

More From MP Group

#MP TIP

Did you know that you can stop telemarketers from calling you?

Register your home phone or mobile phone on the National Do Not Call Registry to avoid receiving unsolicited calls from telemarketers. You can signup for free by visiting:

donotcall.gov

#MP Recipe Box

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Honey Glazed Carrots

Prep Time: 15-20 Minutes

Ingredients

- Baby carrots
- Butter
- Honey
- Salt
- Fresh parsley (optional but adds a spring feel)

Steps

- Bring a pot of water to a boil and cook the carrots for about 8-10 minutes until tender. Drain.
- In a skillet, melt the butter over medium heat.
- Add the carrots and drizzle in the honey.
- Toss to coat and cook for 3-5 minutes until lightly glazed.
- Sprinkle with a pinch of salt and chopped parsley before serving.

Brain Teaser: Find the odd one out

Important Phone #'s You Need To Know

MP Group - 703-214-4600

CMS - 1-800-MEDICARE (1-800-633-4227)

Social Security Administration - 1-800-772-1213

MP Group's Educational Events

We know Medicare and we love to share our knowledge. Each webinar is designed to deliver Medicare information in a simplified and understandable manner.

New to Medicare

Medicare Basics

Topics:

- Medicare Parts A, B, C, D and Medigap
- Enrollment Periods
- Eligibility
- Medicare Costs

45 Minutes

Medicare Working Past 65

Topics:

- Dates, timelines, and actions you need to take when working past 65
- Coordination of benefits; who pays first?

20 Minutes

New and Existing Medicare Beneficiaries

Original Medicare vs Medicare Advantage

Topics:

- Differences between Medicare Advantage and Original Medicare
- How to choose which option is right for you

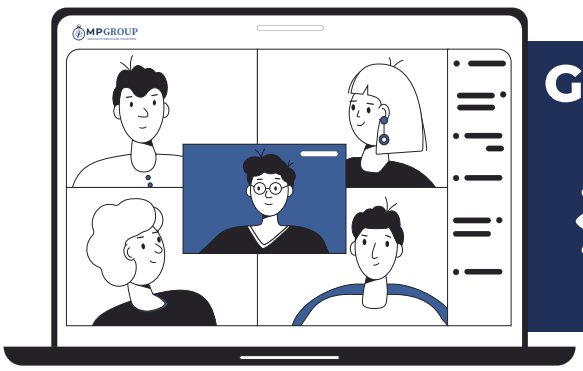
20 Minutes

Medicare Part D - What You Need To Know

Topics:

- How Medicare Part D plans work
- Cost of Medicare Part D
- Enrollment dates

20 Minutes



Get Smarter about Medicare!

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