

CY2026 Advance Notice Summary

At a Glance

- The preliminary growth rate increases to 7.70%, including inflation, a marked increase from CY 2025
- CMS will complete the three-year phase-in of the 2024 CMS-HCC model with full implementation in CY 2026
- Continued Part D changes related to the Inflation Reduction Act (IRA)

Below is a comparison of the impacts over the years:

Impact	2024 Rate Announcement	2025 Rate Announcement	2026 Advance Notice
Effective Growth Rate	2.28%	2.33%	5.93%
Rebasing / Re-pricing	0.00%	0.07%	TBD
Change in Star Ratings	-1.24%	-0.11%	-0.69%
MA Coding Pattern Adjustment	0.00%	0.00%	0.00%
Risk Model Revision & Normalization	-2.16%	-2.45%	-3.01%
MA Risk Score Trend ⁱ	4.44%	3.86%	2.10%
Expected Average Change in Revenue	3.32%	3.70%	4.33%

FFS Growth Rate	2021	2022	2023	2024	2025	2026
Early Preview	4.46%	N/A	N/A	N/A	N/A	N/A
Advance Notice	2.57%	4.52%	4.84%	2.15%	2.57%	7.70%
Final Notice	3.64%	5.47%	4.88%	2.45%	2.31%	TBA

Updates for the three-year phase-in of the 2024 CMS-HCC Model

CMS is proposing to complete the phasing in the updated Part C Risk Adjustment model (referred to as the 2024 CMS-HCC Model) that was finalized as part of the CY 2024 Rate Announcement. The proposal includes some key plans for phase-in:

- By using 100% of the risk score using solely the 2024 CMS-HCC Model (previously using 67% in CY 2025)
- Continue the use of multiple linear regression methodology developed in CY 2025 for the FFS Normalization factor to incorporate FFS risk scores from the most recent five years to address the impacts of the COVID-19 pandemic.

The CMS Fact Sheet can be found here: [2026 Medicare Advantage and Part D Advance Notice Fact Sheet | CMS](#). Comments are due by April 7th, 2025.

More Details

Risk Scores

CMS plans on completing the three-year phase-in of the 2024 CMS-HCC Risk Adjustment model with CY 2026 payments fully based on the 2024 model. The MA risk score trend is projected to be 2.10% for CY 2026, reflecting the average annual increase in MA risk scores driven primarily by MA diagnosis coding patterns. This projection is based on the most recent two years of data (2022 to 2023 risk scores based on 2021 and 2022 dates of service), as CMS has not updated the data years used to calculate the MA risk score trend since CY 2023 due to the impact of the COVID-19 pandemic.

For CY 2026, CMS intends to continue using the multiple linear regression methodology introduced in CY 2025 to incorporate historical FFS risk scores from the most recent five years. This approach enables CMS to more accurately represent the historical FFS risk score trend and calculate a factor without excluding the years affected by the COVID-19 pandemic.

CMS is also considering a novel revision to the risk adjustment model that will be based on MA encounter data rather than using the FFS data and applying a coding pattern adjustment. This new model is expected to be released as early as CY 2027.

Part D Changes

The largest changes as part of the Part D Redesign Program due to the Inflation Reduction Act in CY 2025 consisted of:

- Elimination of the coverage gap phase, resulting in a three-phase benefit (deductible, initial coverage, and catastrophic)

- Capping out-of-pocket costs at \$2,000

Previously implemented IRA driven benefits are continuing and include no cost sharing in the catastrophic phase and no cost sharing for adult vaccines that have been recommended by the Advisory Committee on Immunization Practices.

The updated Part D benefit parameters are as follows:

- Deductible at \$615 (previously \$590) based on API
- Capping out-of-pocket costs at \$2,100 (previously \$2,000) based on API
- Implementation of the Medicare drug Negotiation Program which is expected to lower plan payments
 - For insulins, enrollee cost sharing is capped at the lesser of \$35 (25% of the maximum fair price) or 25% of the negotiated price
- Base Beneficiary Premium is still capped at 6% growth, amounting to \$38.99 in CY 2026.

The IRA's selected drug subsidy program allows Medicare to negotiate prices for expensive and single-source drugs under Part B or Part D. For CY 2026, CMS chose ten Part D drugs for negotiation and plans to update the risk adjustment model to use the negotiated maximum fair prices instead of the original drug costs to avoid overestimating costs for conditions treated with these drugs and underestimating costs for other conditions.

This program provides a 10% government subsidy on the negotiated price of the selected drugs and is available to beneficiaries enrolled in a PDP or MA-PD plan who have not reached the annual out-of-pocket threshold. The subsidy applies once costs exceed the annual deductible in the initial coverage phase, effectively reducing the financial burden on the Part D sponsor. The sponsors are also required to include selected drugs with a maximum fair price on their formularies.

New FAQs Section

CMS is continuing to streamline common responses to commentary on the Advance Notice by including a lengthy Frequently Asked Questions (FAQs) section at the end of the Fact Sheet. This section dives deeper into specific questions carriers may have “ How is the Part D risk adjustment model reflecting Maximum Fair Prices negotiated as part of the Medicare Drug Price Negotiation Program?”

ⁱ The MA risk score trend is the average increase in risk scores, not accounting for normalization and MA coding adjustments, which are shown on separate rows. The trend is calculated by using MA risk scores over the most recently available three years, calculated using the risk adjustment model to be used in the upcoming payment year. The trend is an industry average and individual plans' experience will vary.