

MAOs, Brokers, Agents Get Relief with Legal Pause on Policy Changes

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AIS Health, in the July 19 article “MAOs, Brokers, Agents Get Relief With Legal Pause on Policy Changes,” reports that on July 3, the U.S. District Court for the Northern District of Texas granted a temporary reprieve to Medicare Advantage (MA) insurers and the agents and brokers who sell their plans, delaying the enforcement of new regulations set by the Centers for Medicare & Medicaid Services (CMS). This stay comes in response to lawsuits from Americans for Beneficiary Choice (ABC) and Council for Medicare Choice (CMC), among others, filed against CMS’s 2025 MA and Part D rule, which introduced caps on administrative payments to agents and brokers and prohibited anticompetitive terms in contracts between Medicare Advantage Organizations (MAOs) and agents, brokers and third-party marketing organizations. The Court’s opinion agreed to delay the implementation of these new rules until further court deliberations, allowing more time for the legal challenges to be thoroughly examined.

Sheppard Mullin associate Calla Simeone, a member of the firm’s Healthcare team, was quoted within the article on what this means. “For now, and as we head towards the fall, the final rule is stayed for all industry actors during the pendency of these suits and any appeals.” Simeone pointed out that in terms of universal relief, the Court noted that the final rule “seeks to prescribe uniform standards and applies to all agents and firms that participate in the MA ecosystem – not just the parties to these cases. So if the court limited relief to only these parties, it would only further distort and disrupt the market. As a result, the Court is also addressing the practical concerns of this ruling if it were not applied across the industry.”

Additionally, Simeone observed that “Following the Supreme Court’s rulings [*Relentless v. Department of Commerce* and *Loper Bright Enterprises v. Raimondo*], wherein the high court overturned Chevron deference, novel statutory interpretations adopted by regulatory agencies are now more vulnerable to legal challenges. This is especially problematic for CMS because both ABC and CMC argue that the agency’s new statutory interpretation of ‘compensation’ is incompatible with both statute and CMS’s longstanding practices. The Court, while already appearing skeptical of CMS’s statutory authority, may have been further swayed post *Loper*.”

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