

# Latest News for Health Insurance Exchange

## A C A H H S - O p e r a t e d R A D V U p d a t e s

April 1, 2016

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*On March 31st, Cognisight attended the HHS-Operated Risk Adjustment Methodology meeting at CMS in Baltimore, Maryland. The purpose of this Client Brief is to compliment CMS' whitepaper and highlight the items germane to the services Cognisight provides.*

### Comment Period

First and foremost, issuers are strongly encouraged to take advantage of the comment period closing on April 22, 2016.

### Risk Adjustment Model

The current model is believed to be directionally correct. Any items under consideration are to refine the order of magnitude.

### Future Considerations

#### Partial Year Enrollment:

- ◆ Looked at 1-4 months, 5-8 months, and 9-12 months
- ◆ Exploring enrollment breaks based on data, not in four month calendar increments, was suggested
- ◆ Significant concerns regarding HCC integrity if sample size is too small
- ◆ Will most likely consider the most sensitive HCCs for partial year enrollment

#### Rx Model Additions:

- ◆ RxCs are expected to be added on a very limited and select basis
- ◆ Thus far, there's only been research for the adult model
- ◆ RxCs will be included in the RADV
- ◆ If and when RxCs are accommodated, a new risk adjustment model will be implemented

#### High Risk Enrollee Pooling:

- ◆ Across the nation, only an approximate 1-2% of members have costs at or above \$1M
- ◆ Issuers will need to understand the intersection of current reinsurance
  - ◇ Strategies and coverage levels will need to be reevaluated once the high risk enrollee parameters are determined
- ◆ The pool will require a funding mechanism from issuers on a per member per month or percent of premium basis

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## Future Considerations, cont.

### Risk Adjustment Recalibration:

- ◆ Desire to use EDGE server data with intent to replace Truven MarketScan data
- ◆ Won't occur prior to 2019 plan year or use EDGE data prior to 2016
- ◆ New, individual level data (masked) will be required
- ◆ No provisions for risk scores following the member across issuers will continue
- ◆ There will be credibility and completeness criterion and metrics at the EDGE server/issuer level to assure data integrity

### Payment Transfer:

- ◆ Exploring fixed and variable administrative costs; consideration being given to removing fixed administrative costs
- ◆ Asked to consider plan average premium versus state average premium
- ◆ Some state regulators have expressed interest in applying post payment transfer and are looking to find the authority to do so; no proposals have been brought forth

## Other Discussion Topics

### Interim Risk Scores:

- ◆ Verdict on future release of interim risk scores is still pending
- ◆ Significant concern if they end up being directionally incorrect due to incomplete and/or inaccurate data
- ◆ Most likely scenario is that interim risk scores will not be precise projections but will evolve to create a factor that can be applied to forecast final risk scores

### New & Fast Growing Plans:

- ◆ CCIIO acknowledged risk adjustment isn't perfect in all scenarios but it isn't a precipitating event for adverse selection or "death spiral"
- ◆ New and fast growing plans are encouraged to target risk adjustment opportunities and price more accurately

### Premium Development:

Issuers are reminded that to be successful, they need to develop premium rates based on the state wide average and not at the issuers market average. ■

**C**ognisight, <sup>TM</sup>LLC is a leading health care solutions provider, specializing in risk adjustment services for Medicare Advantage plans, Issuers on and off the Health Insurance Exchange, PACE programs, and Medicaid Managed Care plans. Our mission is simple: capture the most accurate and complete information to help ensure our clients have the best information to care for their members.

As risk adjustment experts, we enable our clients to improve the quality of health care they deliver while maximizing efficiency and assuring accurate revenue. Our continuum of comprehensive risk adjustment services include:

- CognisightDX<sup>TM</sup> Analytics
- Chart Reviews
- Health Assessments
- RADV/IVA
- Risk Verification
- Provider & Coder Training

## CONTACT US

**We're pleased to bring you this important insight.**

Should you have any questions about this information, please do not hesitate to contact your Cognisight Account Manager or:

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