Risk Adjustment for EDS & RAPS User Group: 2023 Rate Announcement

May 5, 2022 | 2-3 pm ET

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

Navigating Zoomgov

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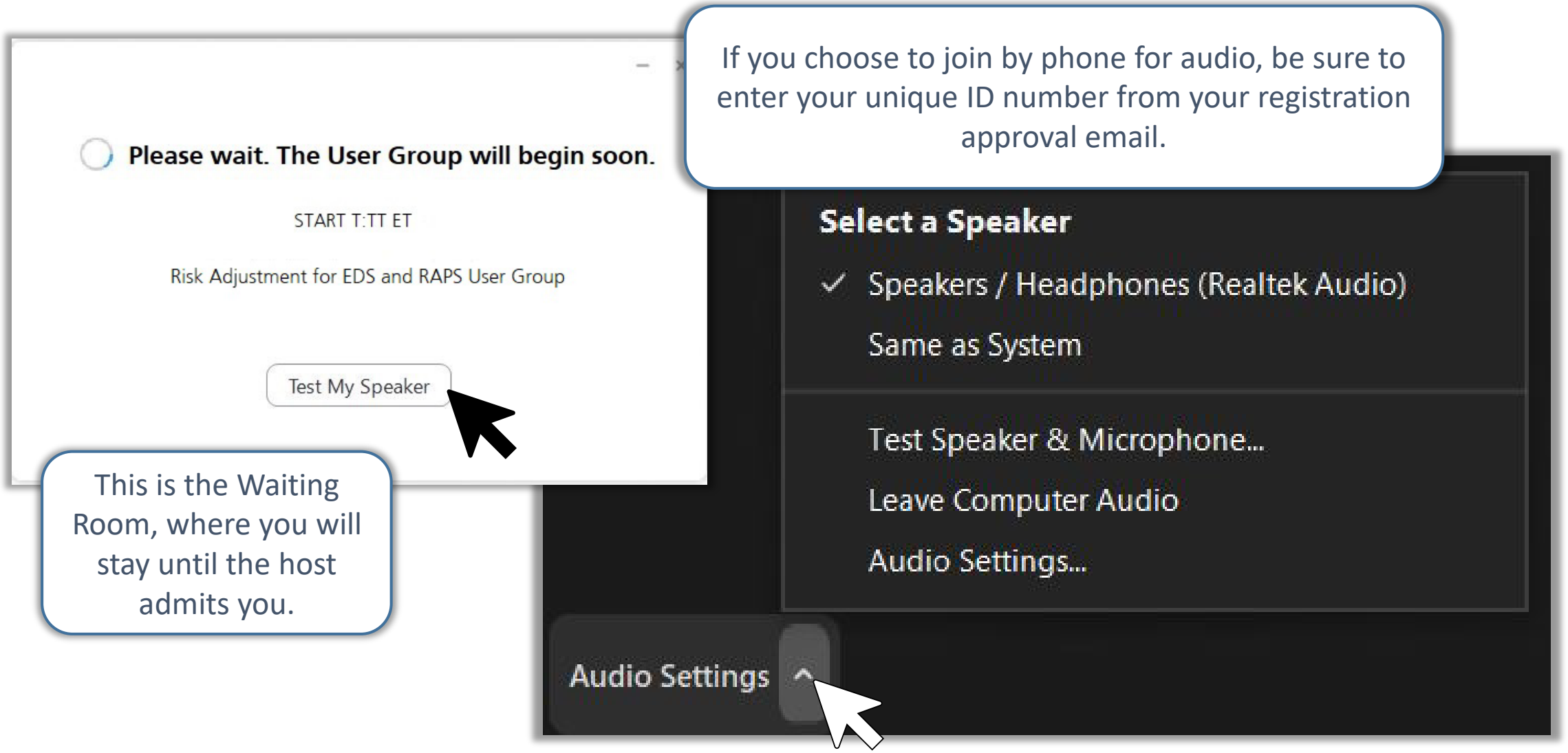

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Ask questions in the Q&A box during the session

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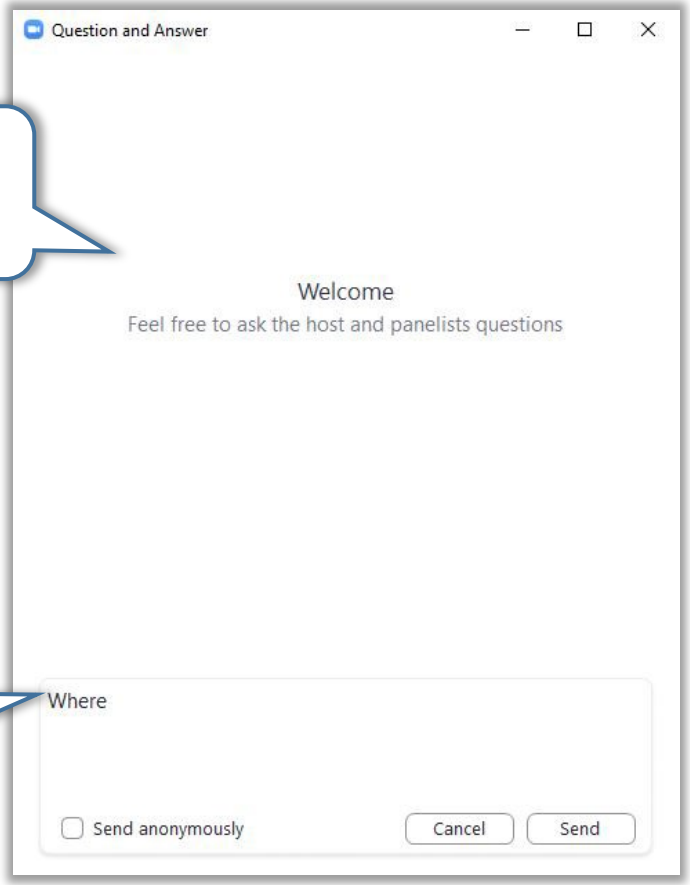

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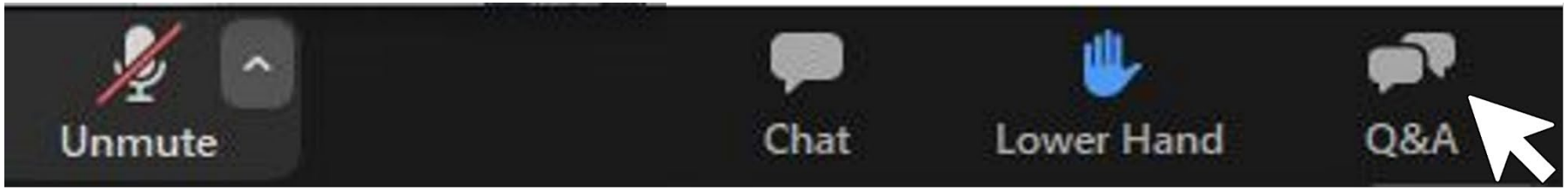

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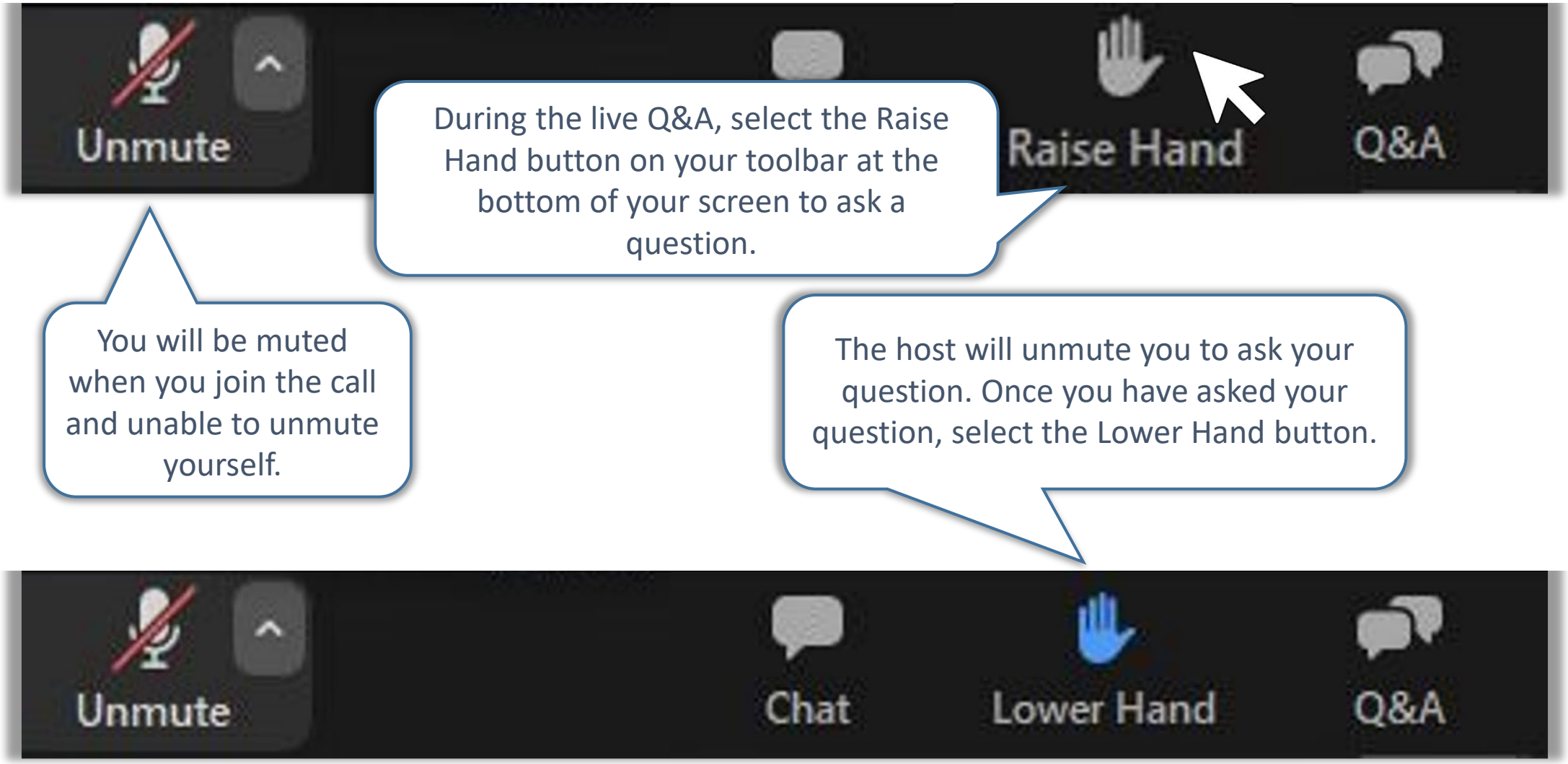

Questions?

- **Operational Questions**

  Encounter Data Communications/Inquiry Inbox:

  RiskAdjustmentOperations@cms.hhs.gov

- **Policy Questions**

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  RiskAdjustmentPolicy@cms.hhs.gov

Risk Adjustment Methodology CBT Series

Modules

1. An Overview of Risk Adjustment
2. Risk Score Calculation
3. Applying the Risk Score Formula

View the series on the CMS CSSC Operations website:

https://csscoperations.com/internet/csscw3.nsf/elearn/riskmstory/story.html

Agenda

- 2023 Rate Announcement: Risk Adjustment Model Review
- PY2023 Risk Score Calculation Overview
- CMS Updates
- Frequently Asked Questions
- Question & Answer Session
- Resources

2023 Rate Announcement: Risk Adjustment Model Review

PY2023 Risk Adjustment Model Review

- On April 4, 2022, CMS published the CY 2023 Announcement, which finalized the use of the following risk adjustment models:
  - **CMS-HCC (Part C) Risk Adjustment Models:**
    - The 2020 CMS-HCC model will be used to calculate 100 percent of the encounter data-based and FFS-based risk scores.
  - **CMS-HCC ESRD Risk Adjustment Models:**
    - The 2023 CMS-HCC ESRD models will be used to calculate 100 percent of the encounter data-based and FFS-based risk score.
  - **RxHCC (Part D) Model:**
    - The 2023 RxHCC model will be used to calculate 100 percent of the encounter data-based and FFS-based risk scores.
  - **PACE:**
    - The 2017 CMS-HCC model will be used to calculate Part C risk scores for PACE organizations.
    - The 2019 ESRD model will be used to calculate ESRD risk scores for PACE organizations.
    - The 2020 RxHCC model will be used to calculate Part D risk scores for PACE organizations.
    - For PACE organizations, for CY 2023, we will pool risk adjustment-eligible diagnoses from the following sources to calculate a single risk score (with no weighting): (1) encounter data, (2) RAPS data, and (3) FFS claims.

CMS-HCC (Part C) Model for CY 2023

- CMS will continue to calculate 100 percent of risk score using the 2020 CMS-HCC model for non-PACE organizations.
- The 2020 CMS-HCC model includes additional HCCs for pressure ulcers and dementia as well as count variables. Coefficients were determined by using 2014 diagnoses to predict 2015 costs, and diagnoses were selected using the CPT/HCPCS filtering method that is used for encounter data risk score calculation.
- Eight segments in total
  - Continuing enrollees: Six segments broken out by age/disabled and dual status
  - Long term institutional
  - New enrollees
- Payment HCC count variables for each segment
  - Counts conditions included in the model for payment after the application of hierarchies

CMS-HCC (Part C) Model for CY 2023

- For PACE organizations, Part C risk scores will be calculated using the 2017 CMS-HCC model with diagnoses from encounter data, RAPS, and FFS claims.
- The 2017 CMS-HCC model coefficients were determined by using 2014 diagnoses to predict 2015 costs, and diagnoses were selected using the specialty-based filtering method that is used for risk score calculation.
- Six community segments by dual-status
  - Non-dual aged/disabled
  - Partial benefit dual aged/disabled
  - Full benefit dual aged/disabled
- Medicaid sources:
  - We will use Medicaid data from three sources to identify Medicaid status when calculating risk scores with the 2017 CMS-HCC model: (1) MMA State files, (2) Point of Sale data, and (3) monthly Medicaid file that the Commonwealth of Puerto Rico submits to CMS.

ESRD Model for CY 2023

- For CY 2023, CMS is implementing a revised model with updates that closely align with the Part C model.
- CY 2023 updates include:
  - Updating the clinical version from v21 to v24
  - Recalibrating the model using 2018/2019 data
  - Breaking out the single functioning graft community model into four separate model segments (non-dual/partial benefit dual aged, non-dual/partial benefit dual non-aged, full benefit dual aged, and full benefit dual non-aged)
  - Updating interaction terms
  - Including the following add-on factors for certain segments:
    - Partial benefit dual factors for the FG Non-Dual/Partial Benefit Dual Aged, FG Non-Dual/Partial Benefit \Dual Non-Aged, FG LTI
    - Institutional add-on factors for the dialysis continuing enrollee and FG LTI models

ESRD Model for CY 2023 (continued)

- Updating model adjustments:
  - Removing actuarial adjustment from the FG LTI segment
  - Applying separate aged and non-aged adjustments to costs of the continuing enrollees in the dialysis new enrollee modeling sample to make them more comparable to true new enrollees and to better target cost differences between the subsamples
  - Adjusting the FG model new enrollee coefficients separately for the beneficiaries who are 4-9 months and 10+ months post-transplant
- For PACE organizations, ESRD risk scores will be calculated using the 2019 ESRD model with diagnoses from encounter data, RAPS, and FFS.
- Information regarding updates to the model output report (MOR) for the updated 2023 ESRD model will be released via HPMS.

RxHCC (Part D) Model for CY 2023

- We will use the 2023 RxHCC model to calculate CY 2023 Part D risk scores.
  - Includes a clinical update to the RxHCCs based on the ICD-10 diagnosis codes
  - Includes an update to the data years used to calibrate the model
- For CY 2023, CMS will calculate 100 percent of the Part D risk scores with diagnoses from encounter data and FFS claims.
  - For PACE organizations, Part D risk scores will be calculated using the 2020 RxHCC model with diagnoses from encounter data, RAPS, and FFS.

Additional Model Information

For more information on 2023 Risk Adjustment Policies, see the 2023 Advance Notice.

PY2023 Risk Score Calculation Overview

CY 2023 Risk Score Calculation

Non-PACE risk scores for the following models will be calculated using 100% of encounter data and FFS Claims:

- CMS-HCC model
- ESRD dialysis model
- ESRD functioning graft model
- RxHCC model

PACE risk scores will be pooled from risk adjustment-eligible diagnoses to calculate a single risk score (with no weighting):

- Encounter data
- RAPS data
- FFS claims

For more information on the CY 2023 models, please refer to the 2023 Advance Notice and Announcement.

PY2023 ESRD Dialysis Risk Score Calculation—Overview

Risk Adjustment Model Variables	Risk Adjustment Model Adjustments
Demographic Variables: ▪ Age/Sex ▪ Medicaid (if applicable) ▪ Originally Disabled (if applicable) ▪ Originally ESRD (if applicable) ▪ Institutional Status Factor (if applicable)	There are relative factors associated with each demographic variable.
Diagnosis Factors: ▪ Disease Hierarchical Condition Categories (HCCs) ▪ Disease/Non-Aged Interactions	CMS uses diagnoses submitted by plans to assign HCCs and interactions for each beneficiary. There are relative factors associated with each HCC and interaction.

Sum of Factors: Demographic + Diagnosis Variables = Raw Risk Score

The relative factors for all the demographic variables, HCCs, and interactions are added together. The result is the raw risk score.

Normalized Risk Score – A normalization factor is applied to keep the average FFS risk score at 1.0 each year.

****Final product is the payment risk score.**

PY2023 ESRD Dialysis Risk Score Calculation—Example

Factor Type	Description	2023 ESRD Dialysis Model (ED & FFS)
Demographic Factors	Female, Age 86 (Aged)	0.629
	Full Benefit Dual	0.060
	Institutional, Aged (65+)	0.020
Diagnosis Factors	Diabetes w/ chronic complications (HCC18)	0.084
	Chronic Obstructive Pulmonary Disease (HCC111)	0.058

Total Raw Risk Score (Demographic Factors + Diagnosis Factors) = **0.851**

See Relative Factors in 2023 Rate Announcement, Attachment VIII, Table VIII-1.

Adjustments to Risk Scores

MA Coding Pattern Adjustment:

For CY 2023, CMS will implement an MA coding pattern difference adjustment of 5.90%.

*Note: The MA coding adjustment does not apply to ESRD dialysis, dialysis new enrollee, transplant, or Part D risk scores.

2023 Normalization Factors:

Model for non-PACE Risk Scores	Factor
2020 CMS-HCC model	1.127
2023 ESRD dialysis models	1.034
2023 ESRD functioning graft models	1.048
2023 RxHCC model	1.050

Model for PACE Risk Scores	Factor
2017 CMS-HCC model	1.140
2019 ESRD dialysis models	1.088
2019 ESRD functioning graft models	1.138
2020 RxHCC model	1.073

See MA coding and normalization factors in the 2023 Rate Announcement

ESRD Dialysis Risk Score Calculation Example for PY2023 (cont.)

Applying the Risk Score Formula	PY2023 ESRD Dialysis Model (ED & FFS)
Total Raw Risk Score	0.851
Adjustments:	
Normalization factor	0.851 / 1.034 = 0.82302
Round to three decimal places	0.823
Final ESRD Dialysis Payment Risk Score:	**0.823**

PY2023 ESRD Functioning Graft Risk Score Calculation—Overview

Risk Adjustment Model Variables	Risk Adjustment Model Adjustments
Demographic Variables: ▪ Age/Sex ▪ Functioning Graft Factor ▪ Partial Benefit Dual Factor (if applicable) ▪ Originally Disabled (if applicable) ▪ Institutional Status Factor (if applicable)	There are relative factors associated with each demographic variable.
Diagnosis Factors: ▪ Disease Hierarchical Condition Categories (HCCs) ▪ Disease/Disabled Interactions	CMS uses diagnoses submitted by plans to assign HCCs and interactions for each beneficiary. There are relative factors associated with each HCC and interaction.

Sum of Factors: Demographic + Disease = Raw Risk Score

The relative factors for all the demographic variables, HCCs, and interactions are added together. The result is the raw risk score.

Normalized Risk Score – A normalization factor is applied to keep the average FFS risk score at 1.0 each year.

MA Coding Pattern Adjusted Risk Score – A coding pattern adjustment is applied to account for differential coding patterns between MA and FFS.

****Final product is the payment risk score for a beneficiary.**

PY2023 ESRD Functioning Graft Risk Score Calculation—Example

Factor Type	Description	2023 ESRD Functioning Graft Model (ED & FFS)
Demographic Factors:	Male, Age 74 (Aged), Community	0.358
	Partial Benefit Dual	0.162
	Functioning Graft Factor, duration since transplant of 10 months or more	0.905
Diagnosis Factors:	Diabetes w/o chronic complications (HCC19)	0.073
	Rheumatoid Arthritis (HCC40)	0.414
	Chronic Obstructive Pulmonary Disease (HCC111)	0.291

Total Raw Risk Score (Demographic Factors + Diagnosis Factors) = **2.203**

See Relative Factors, 2023 Rate Announcement, Attachment VIII, Table VIII-4

PY2023 ESRD Functioning Graft Risk Score Calculation—Example (continued)

Applying the Risk Score Formula	2023 ESRD Functioning Graft Model (ED & FFS)
Total Raw Risk Score	2.203
Adjustments:	
Normalization factor	2.203 / 1.048 = 2.10210
Round to three decimal places	2.102
Coding differences (5.90%)	2.102 X (1 – 0.0590) = 1.97798
Round to three decimal places	1.978
Final ESRD Functioning Graft Payment Risk Score	**1.978**

CMS Updates

PY2023 Risk Scores for Bidding

- HPMS Memos from April 15, 2022
  - "Incoming Files from CMS: Beneficiary-level file to support 2023 Part C bids & ESRD Risk Scores"
  - "Incoming Files from CMS: Beneficiary-level file to support 2023 Part D"
- The 2023 initial model software for the 2023 RxHCC and ESRD model is posted on the CMS Risk Adjustment web page

  https://www.cms.gov/medicarehealth-plansmedicareadvtgspecratestatsrisk-adjustors/2023-model-softwareicd-10-mappings

Recent HPMS Memos

- **HPMS memo from April 27, 2022**
  - "2022 Frailty Scores and 2021 Health Outcomes Survey (HOS) or Health Outcomes Survey Modified (HOS-M) Activities of Daily Living (ADLs) Results"
- **HPMS memo from April 15, 2022**
  - "Reminder of Existing Obligation to Submit Accurate Risk Adjustment Data"

Frequently Asked Questions

Question 1

Where are the User Group slides posted?

Answer:

The User Group slides are posted on the CSSC Operations website (https://www.csscoperations.com/). Click on Training/User Group or Topics, select Encounter and Risk Adjustment Program (Part C), and then User Group on the left side menu. The slides have been posted.

Question 2

When will the software for the 2023 initial risk score run be released?

Answer:

The 2023 initial software package is posted on the risk adjustment web page: https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Risk-Adjustors.

Question 3

Where can a PACE organization or FIDE-SNP locate the frailty score that is being applied in payment?

Answer:

Frailty score information will be posted in HPMS when they are available. Plans can refer to the monthly MARx payment HPMS memos for the most recent updates.

In addition, the monthly membership detail report includes the frailty score applied in payment in field 80.

Question 4

Where can we find the relative factors for the models being used in payment for 2023?

Answer:

You can locate the relative factors for each of the models being used in payment for 2023 in the Rate Announcement for the year in which the model was first implemented: https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Announcements-and-Documents

2017 Rate Announcement:	2020 Rate Announcement:	2023 Rate Announcement:
2017 CMS-HCC Model	• 2020 CMS-HCC Model • 2020 ESRD Models • 2020 RxHCC Model	• 2023 ESRD Models • 2023 RxHCC Model

Question 5

What are the final risk adjustment data submission deadlines for payment years (PYs) 2021 and 2022?

Answer:
Consistent with the January 15, 2021, HPMS memo titled "Deadline for Submitting Risk Adjustment Data for Use in Risk Score Calculation Runs for Payment Years 2020, 2021, 2022, and 2023," the PY 2021 final risk adjustment data submission deadline is August 1, 2022, and the PY 2022 final risk adjustment data submission deadline is July 31, 2023.

Question 6

Which zip files in the 2022 model software should I use to calculate risk scores under the non-PACE models?

Answer:

For the 2022 model software at https://www.cms.gov/medicarehealth-plansmedicareadvtgspecratestatsrisk-adjustors/2022-model-softwareicd-10-mappings, the following software packages apply to the corresponding non-PACE risk scores for PY2022:

- 2020 v24 Part C model for non-PACE Part C risk scores: CMS-HCC software V2422.86.P1.zip
- 2020 v21 ESRD model for non-PACE ESRD risk scores: ESRD software ESRD software E2122.87.P1
- 2022 v05 Part D model for non-PACE Part D risk scores: RxHCC software R0522.76.S1.zip

The denominators included in the Word file in each software package correspond to the respective models, which are described in the Announcement (https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Announcements-and-Documents).

Question & Answer Session

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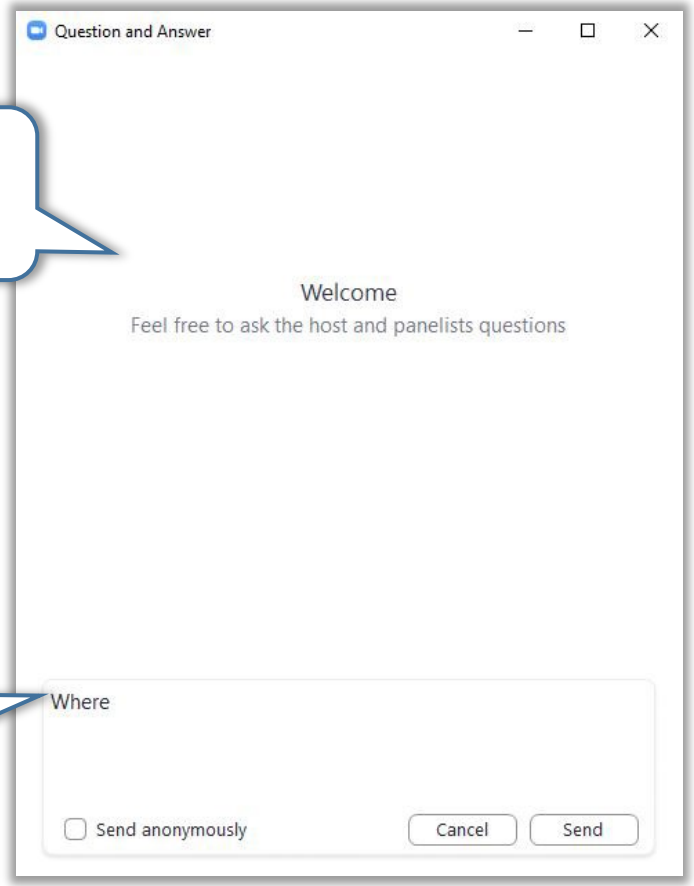

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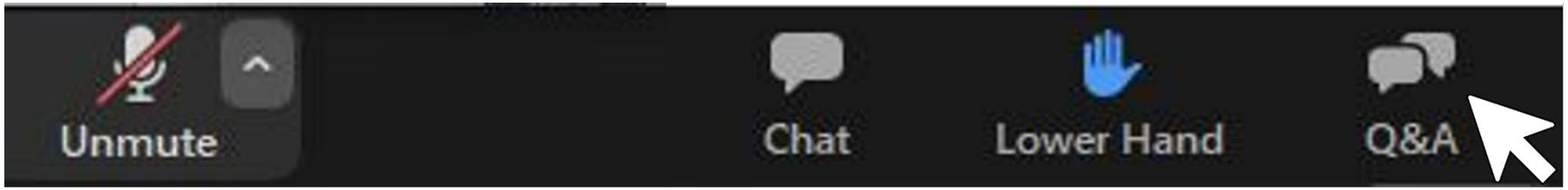

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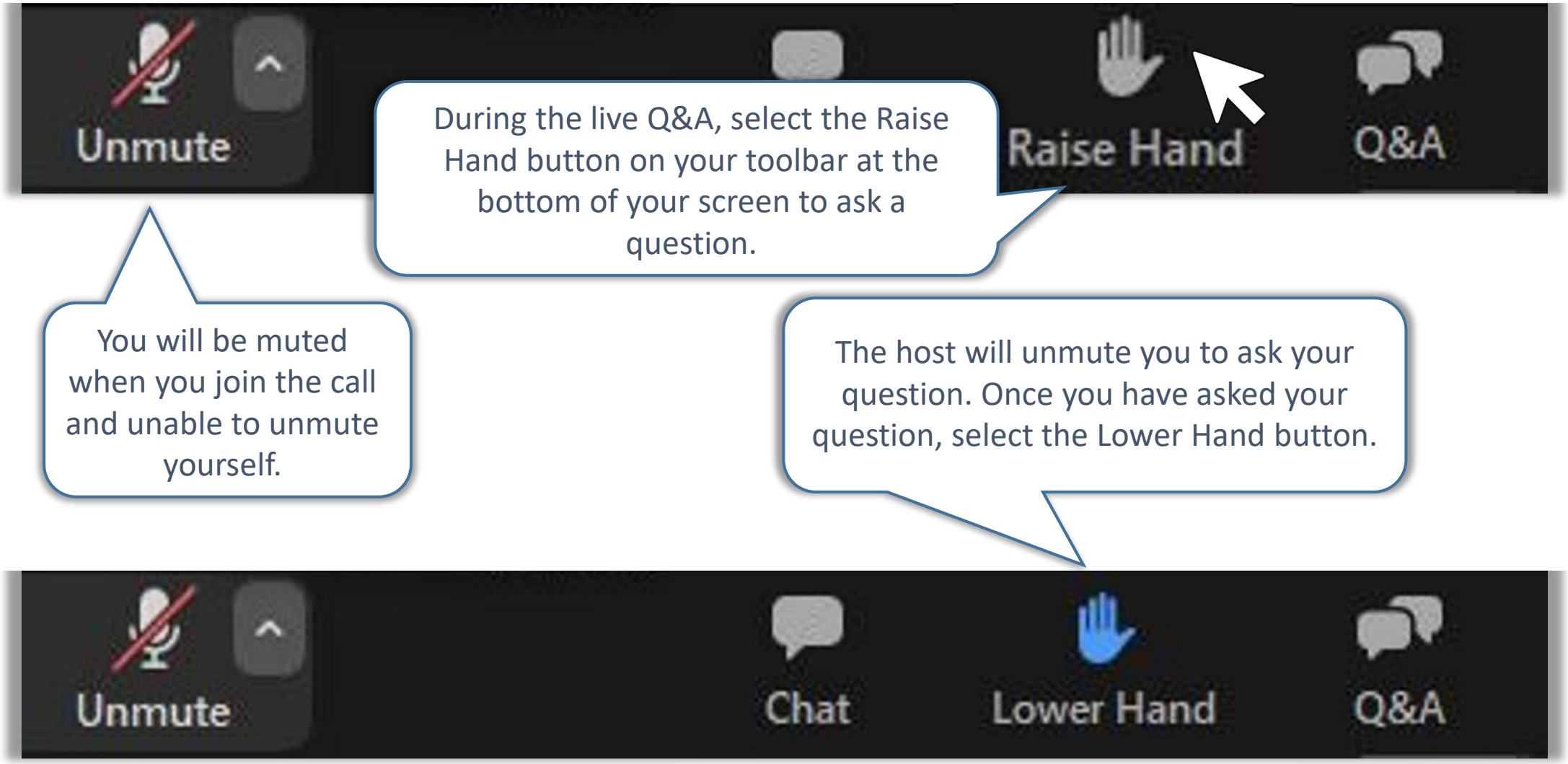

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Resources

Resource	Link
Advanced Notices/Rate Announcements	https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Announcements-and-Documents
Model Mappings and Software	https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Risk-Adjustors-Items/RiskOtherModel-Related
Risk Adjustment Methodology Computer-Based Training Series	https://www.csscoperations.com/internet/csscw3.nsf/DIDC/93G3K8HWX4~Instructional%20Videos
User Group Slide Decks	https://www.csscoperations.com/internet/csscw3.nsf/DID/R3AKWINLZ2

Resources (continued)

Resource	Link
Centers for Medicare & Medicaid Services	http://www.cms.gov/
Customer Support & Service Center (CSSC) Operations	http://www.csscoperations.com
Health Plan Management System (HPMS)	https://hpms.cms.gov/app/ng/home/