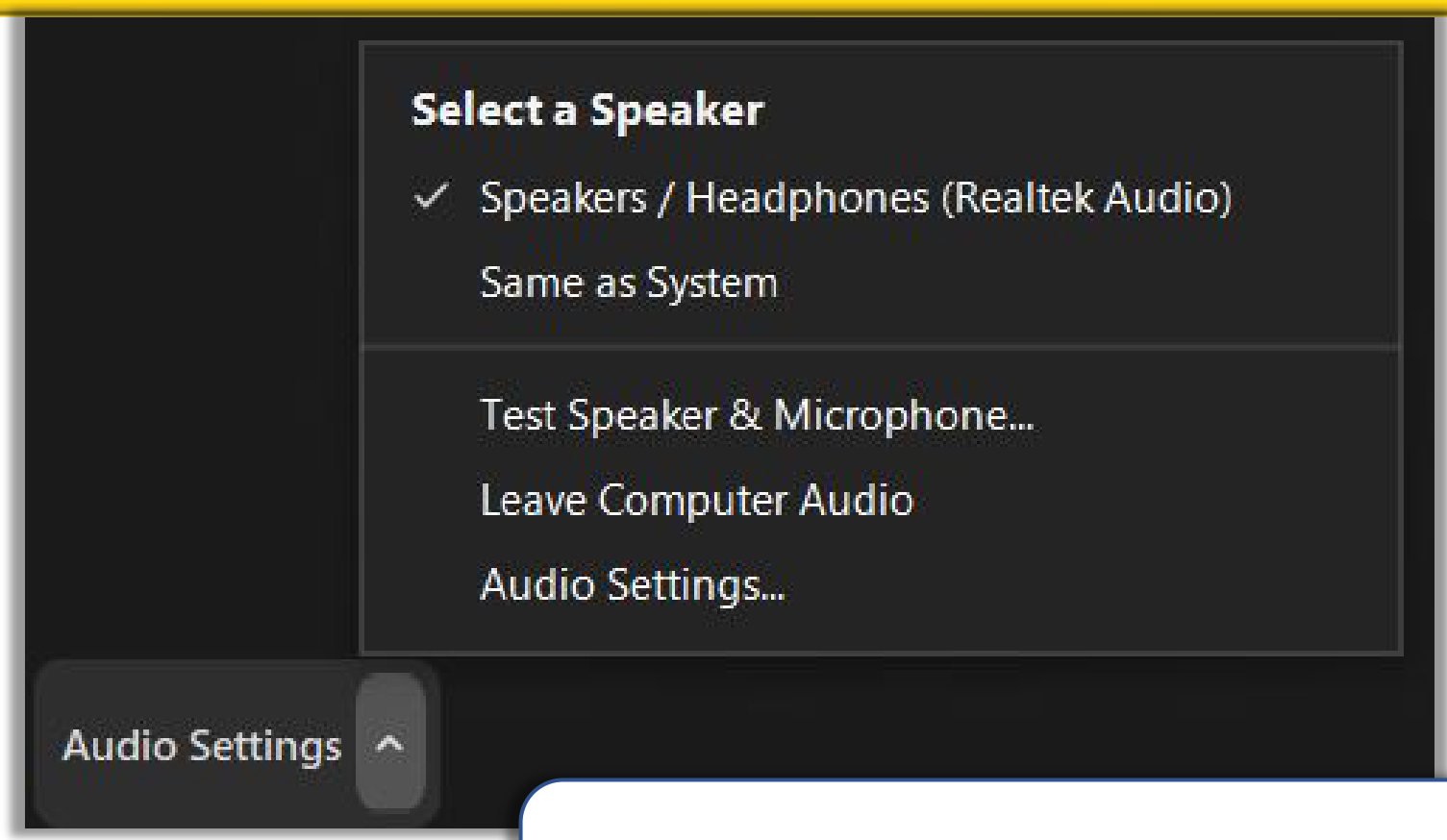
Risk Adjustment for EDS & RAPS User Group: 2024 Rate Announcement

04/27/2023 | 2pm-3pm

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

Joining Audio

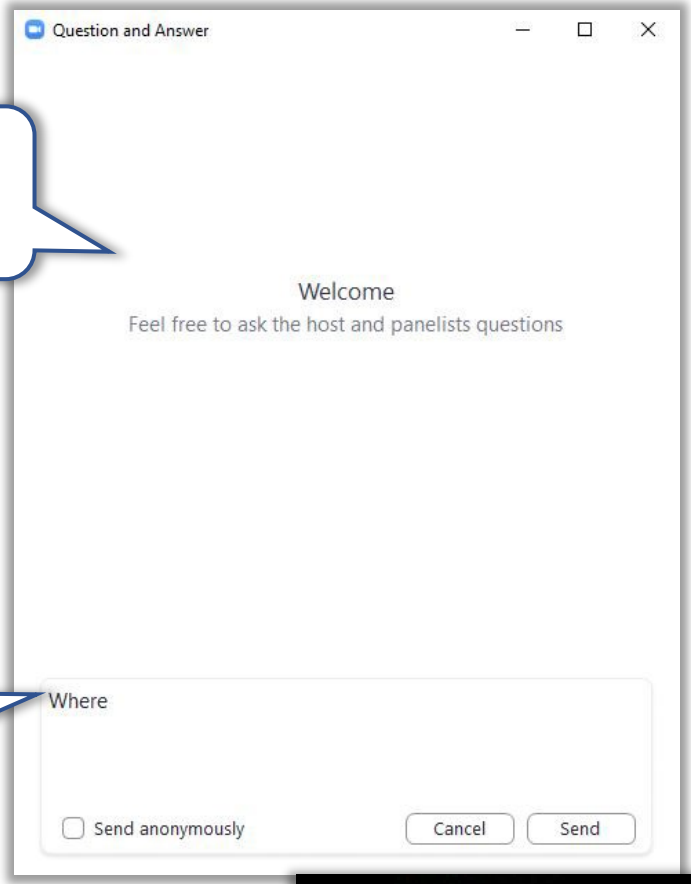


When you enter the User Group from the Waiting Room, you can test your audio using the Audio Settings button in the bottom right of your screen.

Throughout the User Group, your microphone will be muted, and you not be able to unmute yourself.

Ask Questions in the Q&A Box

Your questions and any answered questions will appear here.

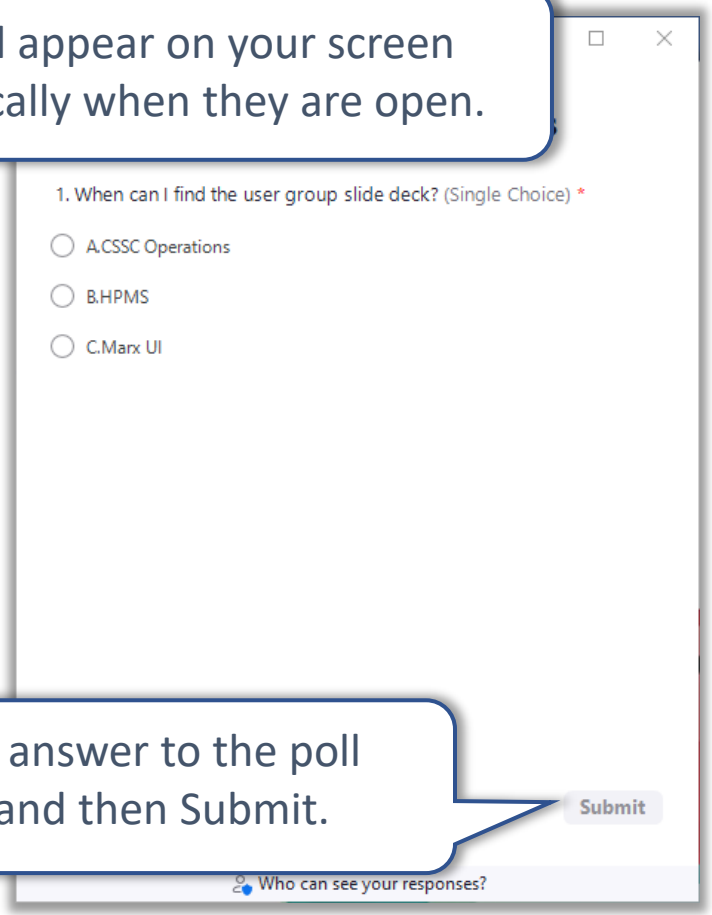


Type your question in the Q&A box and press the Send button.

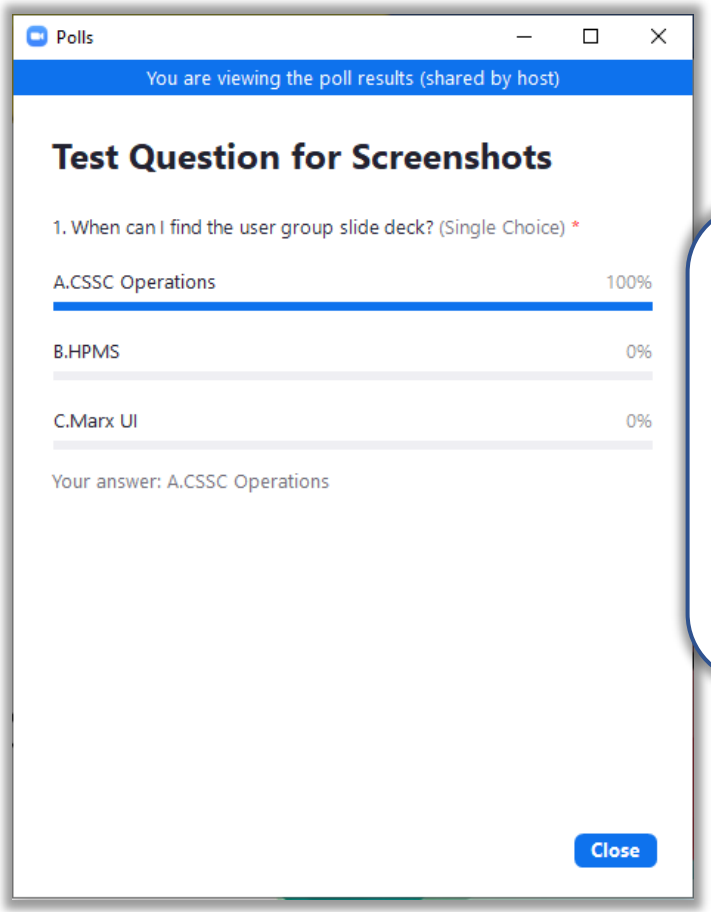
Select the Q&A button on the toolbar at the bottom of your screen to open the Q&A box.

Polling

Polls will appear on your screen automatically when they are open.



Select your answer to the poll question and then Submit.



Poll results, including your answer, will appear on the screen once the poll has closed.

Objectives

1. To provide an overview of the Rate Announcement for Calendar Year 2024 and changes in the risk adjustment calculations
2. To provide sample Risk Score calculations
3. To answer frequently asked questions regarding the Rate Announcement and risk adjustment

Agenda

1. 2024 Rate Announcement: Risk Adjustment Review
2. What changed in 2024?
3. What did not change in 2024?
4. CY 2024 Risk Score Calculation Overview
5. CMS Updates
6. Frequently Asked Questions
7. Question and Answer Session

2024 Rate Announcement: Risk Adjustment Review

Polling Question 1

I am familiar with the updated risk adjustment policies finalized in the Rate Announcement.

A. Strongly agree

B. Agree

C. Disagree

D. Strongly disagree

E. Not sure

CY 2024 Rate Announcement

On March 31, 2023, CMS published the Announcement of CY 2024 Medicare Advantage Capitation Rates and Part C and Part D Payment Policies.

The models finalized in the Rate Announcement that will be used for CY 2024 payment are:

Model Type	Non-PACE Organizations	PACE Organizations
Part C – non-ESRD	2024 CMS-HCC model – **NEW** 2020 CMS-HCC model	2017 CMS-HCC model
Part C – ESRD	2023 CMS-HCC ESRD model	2019 CMS-HCC ESRD model
Part D	2023 RxHCC model	2020 RxHCC model

What changed in 2024?

CMS-HCC Models for non-PACE for CY 2024

- For CY 2024, CMS will begin a 3-year phase-in of the 2024 CMS-HCC risk adjustment model by calculating risk scores as the sum of 33% of the newly implemented 2024 CMS-HCC model risk scores and 67% of the current 2020 CMS-HCC model risk scores.
- Similarities between 2020 and 2024 CMS-HCC models:
  - Eight segments, as implemented in CY 2017
    - Continuing enrollees: six segments by aged vs. disabled and dual status
    - Long term institutional
    - New enrollees
  - Payment HCC count variables, implemented in CY 2020
    - Separate factors for each segment

CMS-HCC Models for non-PACE for CY 2024 (cont.)

- Differences/updates between 2020 and 2024 CMS-HCC models:
  - Uses 2018 diagnoses to predict 2019 expenditures.
  - Updated denominator year from 2015 to 2020 used in determining the average per capita predicted expenditures to create relative factors in the model.
  - Clinically reclassified the HCCs using the International Classification of Disease, Tenth Revision, Clinical Modification (ICD-10-CM) codes, updating the clinical version from the 2020 model to the 2024 model.
  - Applied constraints and moved certain HCCs to non-payment status to reduce the impact of coding variation on the model and risk scores.

CMS-HCC Models for non-PACE for CY 2024 (cont. 2)

Comparison	2024 CMS-HCC model	2020 CMS-HCC model
Data collection year	2018	2014
Prediction year	2019	2015
Denominator year	2020	2015
Clinical version	V28	V24
Version of ICD used to build HCCs	ICD-10	ICD-9

ICD-10 Update

- As discussed in the 2018 and 2021 Reports to Congress on Risk Adjustment in Medicare Advantage, CMS has been conducting analyses on the CMS-HCC models for reclassification purposes and in preparation for changing to risk adjustment payment models calibrated on ICD-10 diagnoses.
- The 2024 CMS-HCC model has 115 payment HCCs, up from 86 in the current model.
- A crosswalk of the diagnosis to HCC mappings from the 2020 CMS-HCC Model (V24) to 2024 CMS-HCC Model (V28) can be downloaded from Other Model-Related Documents | CMS.

CY 2024 Normalization Factor update

- Normalization factors serve to offset the trend in FFS risk scores and maintain a 1.0 average FFS risk score.
- Each model has a distinct FFS risk score trend and therefore a unique normalization factor.
- The 2024 normalization factors were calculated using CMS' long-standing five-year linear slope methodology.
- For CMS-HCC risk adjustment models with a 2019 or 2020 denominator, CMS used average FFS risk scores from 2018 through 2022, excluding 2021.
- For the CMS-HCC risk adjustment models with a 2015 denominator and the RxHCC models, CMS used average FFS risk scores from 2016 through 2020.

Frailty Update for FIDE SNPs

- For CY 2024, to align with the updated CMS-HCC risk adjustment model, updated frailty factors will be used to calculate frailty scores for beneficiaries enrolled in FIDE SNPs.
- Frailty scores for fully integrated dual eligible special needs plans (FIDE SNPs) in CY 2024 will be calculated consistent with the model blend by blending 67% of the frailty scores calculated using the frailty factors associated with the 2020 CMS-HCC risk adjustment model and 33% of the frailty scores calculated using the updated frailty factors associated with the 2024 CMS-HCC risk adjustment model.
- The blended frailty score will be compared to the PACE level of frailty calculated in the same manner to determine whether a FIDE SNP has a similar average level of frailty as PACE.
  - Specifically, we note that the PACE minimum is calculated using the same frailty factors as those used to calculate the frailty scores for FIDE SNPs, so changes in the FIDE SNP frailty score calculation will be accompanied by a change in how the PACE minimum is calculated.

What did not change in 2024?

CMS-HCC Model for PACE

- CY 2024 Part C payments for PACE organizations will continue to use the risk adjustment model and risk score calculation methodology that has been used largely since 2020.
  - The 2017 CMS-HCC model will continue to be used to calculate risk scores for CY 2024.
  - Risk scores will be calculated using diagnoses from encounter data, RAPS, and FFS claims.

ESRD Model for non-PACE

- In CY 2023, CMS implemented a revised version of the CMS-HCC End-Stage Renal Disease (ESRD) risk adjustment model for non-PACE organizations (the 2023 CMS-HCC ESRD model).
- For CY 2024 ESRD payments for non-PACE organizations, CMS will continue to use the risk adjustment model and risk score calculation methodology that was used for 2023 payment.
  - The 2023 CMS-HCC ESRD model will continue to be used at 100 percent to calculate risk scores for CY 2024.
  - Risk scores will be calculated using diagnoses from encounter data and FFS.
- The HPMS memo released on October 4, 2022, entitled, “Information on 2023 CMS-HCC ESRD Risk Adjustment Model and Updates to Monthly Membership (MMR) and Model Output Reports (MORs),” provides operational details.

ESRD Model for PACE

- CY 2024 ESRD payments for PACE organizations will continue to use the risk adjustment model and risk score calculation methodology that has been used largely since 2019.
  - The 2019 CMS-HCC ESRD model will continue to be used to calculate risk scores for CY 2024.
  - Risk scores will be calculated using diagnoses from encounter data, RAPS and FFS claims.

RxHCC (Part D) Model for non-PACE for CY 2024

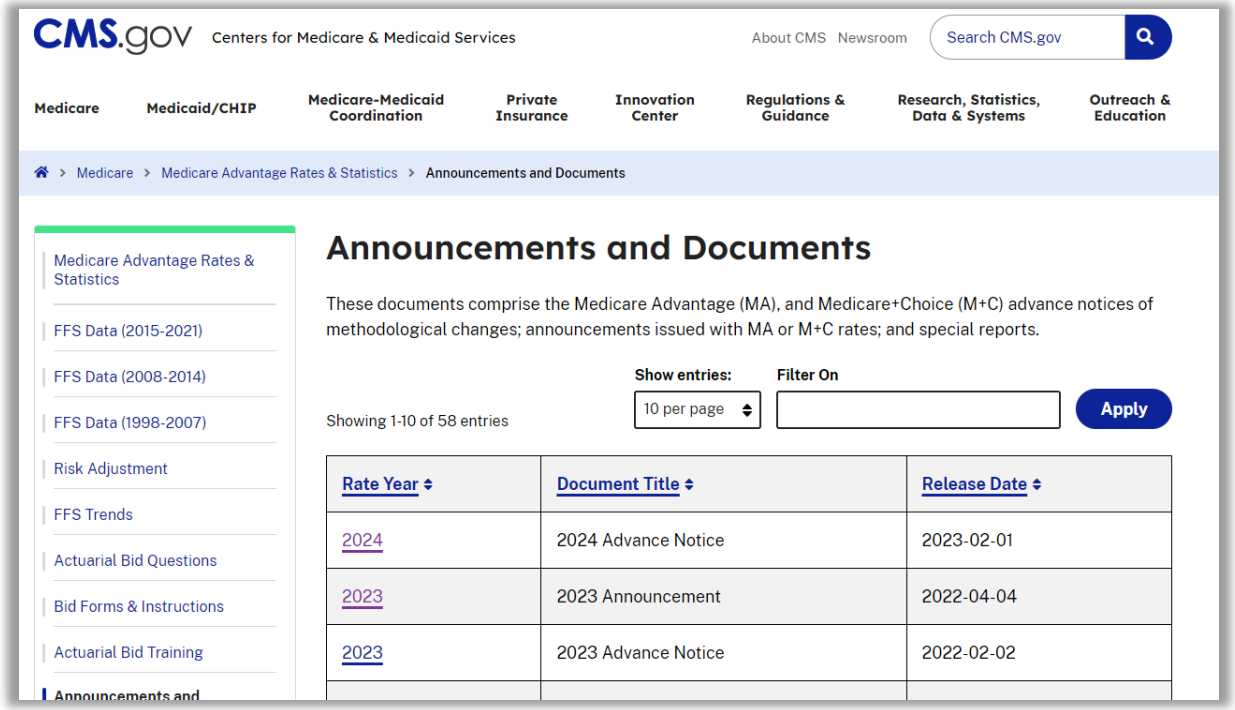
- In CY 2023, CMS implemented a revised version of the RxHCC Part D risk adjustment model (the 2023 RxHCC model).
- CY 2024 Part D payments for non-PACE organizations will continue to use the risk adjustment model and risk score calculation methodology that was used in 2023.
  - Risk scores will be calculated using 100 percent of the 2023 RxHCC model and diagnoses from encounter data and FFS.

RxHCC (Part D) Model for PACE for CY 2024

- CY 2024 Part D payments for PACE organizations will continue to use the risk adjustment model and risk score calculation methodology that has been used largely since 2020.
  - The 2020 RxHCC model will continue to be used to calculate risk scores for CY 2024.
  - Risk scores will be calculated using diagnoses from encounter data, RAPS and FFS claims.

Additional Model Information

For more information on 2024 Risk Adjustment Policies, see the 2024 Advance Notice and 2024 Rate Announcement.



CY 2024 Risk Score Calculation Overview

Polling Question 2

I know where to find the risk adjustment model relative factors pertinent to specific payment years, final risk score calculation methodology, and computer-based trainings.

A. Strongly agree

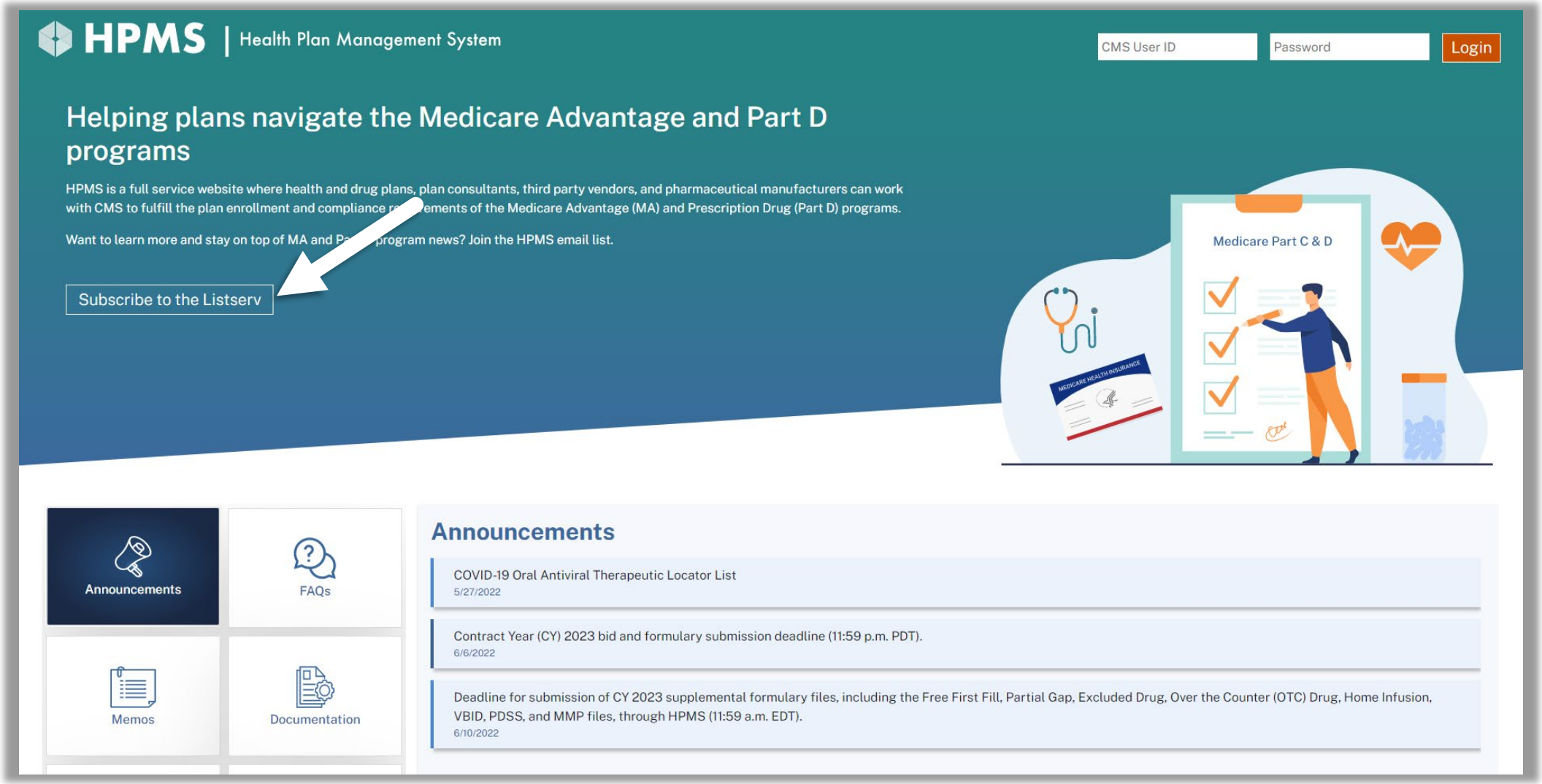
B. Agree

C. Disagree

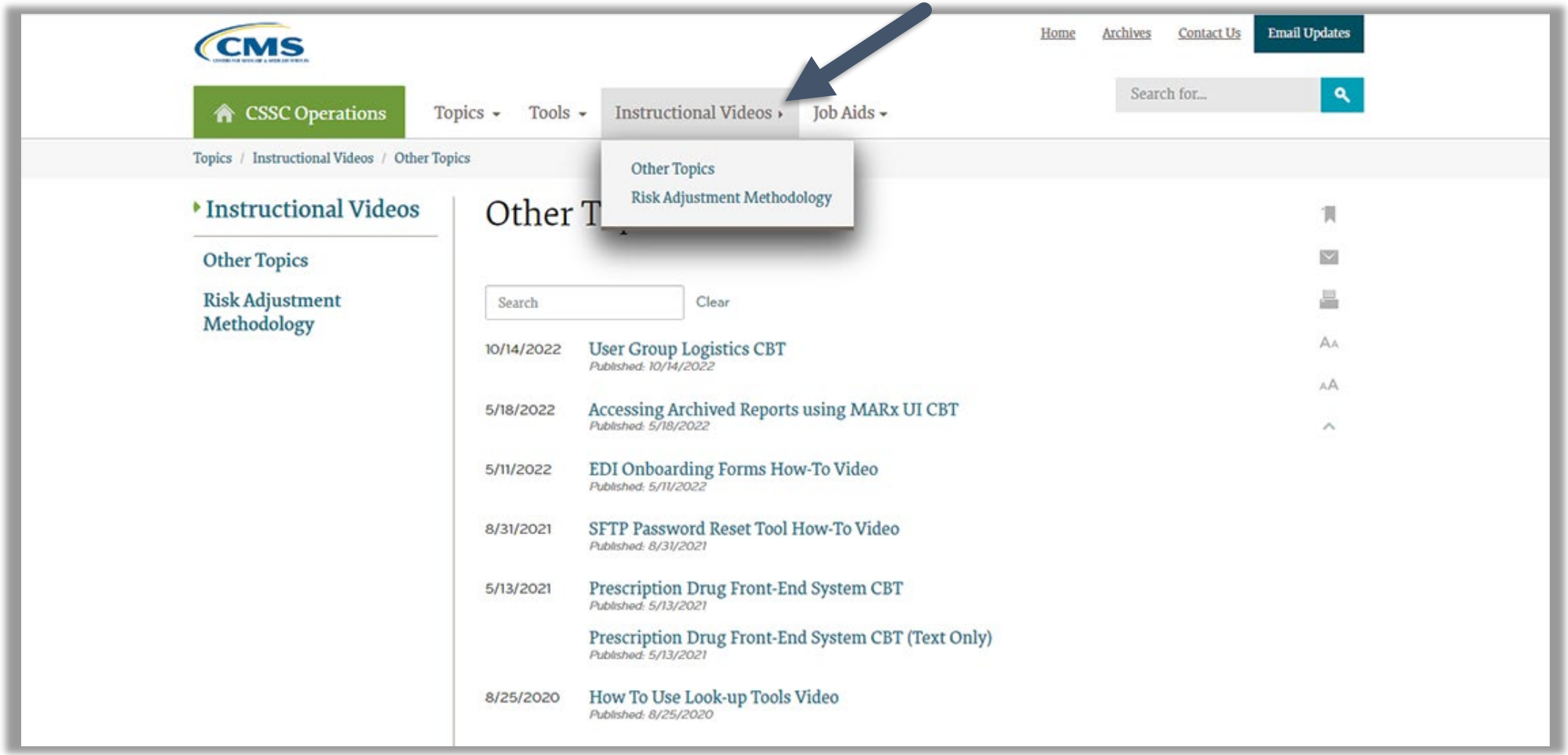
D. Strongly disagree

E. Not sure

Resources – HPMS



Resources – CSSC Operations



Overview of the Risk Score Formula for Part C Payment

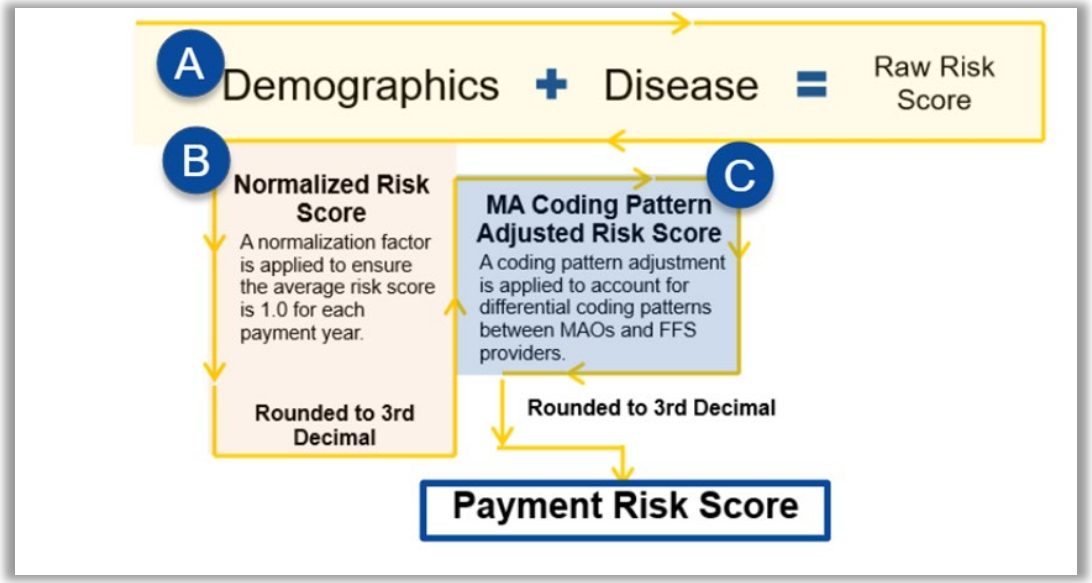
Step 1: Calculate risk scores for both the 2020 and 2024 CMS-HCC models

A. Sum together the identified demographic and disease relative factors to produce the raw risk score for each model

B. Apply the normalization factor that corresponds with each model and round to the third decimal place

C. Apply the MA coding pattern adjustment factor and round to the third decimal place

Step 2: Calculate the risk score as the sum of 33% of the adjusted 2024 CMS-HCC model risk score and 67% of the adjusted 2020 CMS-HCC model risk score.



Step 1A: Raw Risk Score

- Look up the demographic and disease relative factors in the Risk Adjustment Factor tables in the Rate Announcement in which the model was finalized.
- For example, for CY 2024, use the 2024 Rate Announcement and the 2020 Rate Announcement for the CMS-HCC models for non-PACE organizations and the 2017 Rate Announcement for the 2017 CMS-HCC model for PACE organizations
- The sum of the factors is the Raw Risk Score.

Demographic + Disease (including Payment HCC Counts) = Raw Risk Score
HCC/RxHCC

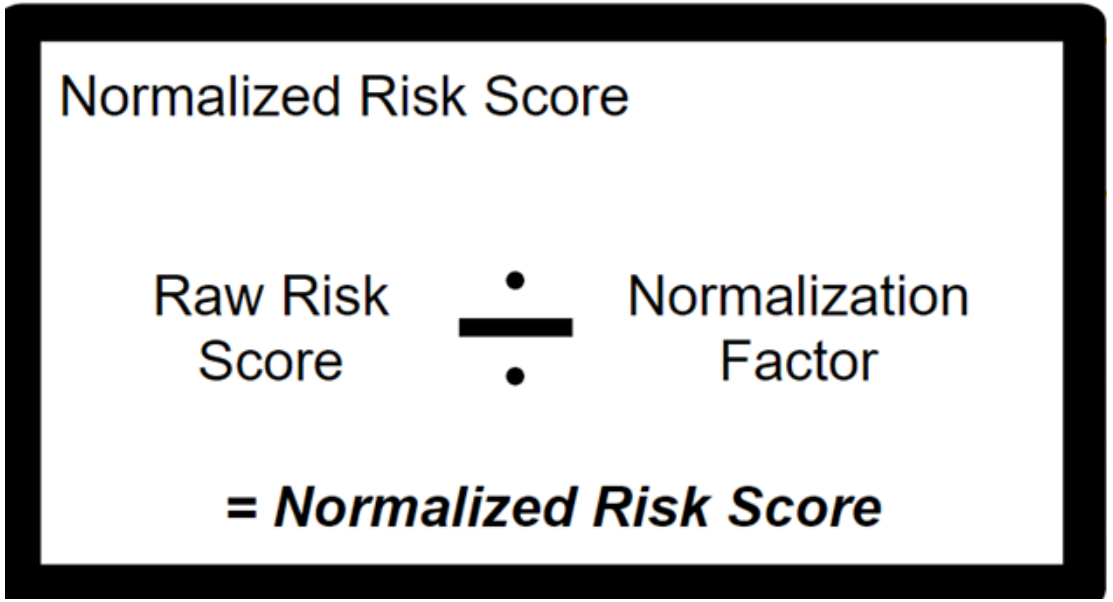
Variable	Description Label	Community, NonDual, Aged	Community, NonDual, Disabled	Community, FBDual, Aged	Community, FBDual, Disabled	Community, PBDual, Aged	Community, PBDual, Disabled	Institutional
Disease Coefficients								
HCC1	HIV/AIDS	0.301	0.213	0.397	0.237	0.196	0.109	1.322
HCC2	Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock	0.500	0.598	0.649	0.780	0.447	0.591	0.605
HCC6	Opportunistic Infections	0.381	0.763	0.588	0.833	0.518	0.685	0.728
HCC17	Cancer Metastatic to Lung, Liver, Brain, and Other Organs; Acute Myeloid Leukemia Except Promyelocytic	4.209	3.995	3.896	4.235	3.946	4.103	1.952
HCC18	Cancer Metastatic to Bone, Other and Unspecified Metastatic Cancer; Acute	2.341	2.486	2.277	2.537	2.166	2.403	1.110

Table VIII-1. 2024 CMS-HCC Model Relative Factors for Continuing Enrollees

Variable	Description Label	Community, NonDual, Aged	Community, NonDual, Disabled	Community, FBDual, Aged	Community, FBDual, Disabled	Community, PBDual, Aged	Community, PBDual, Disabled	Institutional
Female								
0-34 Years		-	0.238	-	0.346	-	0.454	0.948
35-44 Years		-	0.288	-	0.332	-	0.420	0.810
45-54 Years		-	0.340	-	0.384	-	0.404	1.031
55-59 Years		-	0.385	-	0.421	-	0.424	0.949
60-64 Years		-	0.436	-	0.502	-	0.414	0.881
65-69 Years		0.330	-	0.435	-	0.365	-	1.188
70-74 Years		0.395	-	0.506	-	0.423	-	1.119
75-79 Years		0.465	-	0.596	-	0.485	-	0.965
80-84 Years		0.524	-	0.665	-	0.544	-	0.862
85-89 Years		0.624	-	0.775	-	0.618	-	0.750
90-94 Years		0.737	-	0.869	-	0.738	-	0.627
95 Years or Over		0.742	-	0.877	-	0.835	-	0.481
Male								
0-34 Years		-	0.106	-	0.191	-	0.306	0.826
35-44 Years		-	0.154	-	0.204	-	0.261	0.719

Step 1B: CY 2024 Normalization Factors

- Divide the Raw Risk Score by the applicable model's normalization factor to get the normalized risk score.
- Be sure to round to the third decimal place.



CY 2024 Normalization Factors

Risk Adjustment Models with 2019 or 2020 Denominators[1]	Factor
2024 CMS-HCC model, for blended risk scores (for non-PACE)	1.015
2023 CMS-HCC ESRD dialysis model (for non-PACE)	1.022
2023 CMS-HCC ESRD functioning graft model (for non-PACE)	1.028
Risk Adjustment Models with a 2015 Denominators & RxHCC Models[2]	**Factor**
2020 CMS-HCC model, for blended risk scores (for non-PACE)	1.146
2017 CMS-HCC model (for PACE)	1.159
2019 CMS-HCC ESRD dialysis model (for PACE)	1.100
2019 ESRD functioning graft model (for PACE)	1.159
2023 RxHCC model (for non-PACE)	1.063
2020 RxHCC model (for PACE)	1.084

[1] For the first three CMS-HCC risk adjustment models listed, which have a 2019 or 2020 denominator, CMS calculated the normalization factors using a five-year linear slope methodology and updated average FFS risk scores for 2018 through 2022 but continued to exclude the 2021 risk score.

[2] For the next four CMS-HCC risk adjustment models, which have a 2015 denominator, and the two RxHCC models, CMS calculated the normalization factors using a five-year linear slope methodology and the same FFS risk scores that were used for the 2023 normalization factors (2016 through 2020) the 2021 and 2022 risk scores were excluded.

Step 1C: CY 2024 MA Coding Pattern Adjustment Factor

Multiply the normalized risk score by (1 – MA Coding Pattern Adjustment Factor)

- CY 2024 factor is 5.90%
- Applied to risk scores calculated using the following models, for both non-PACE and PACE organizations:
  - Part C
  - ESRD functioning graft

MA Coding Pattern Adjustment Factor

Normalized Risk Score **x** (1 – MA Coding Pattern Adjustment Factor)

= Normalized, MA Coding Pattern Adjusted Risk Score

2024 CMS-HCC (non-PACE) Sample 1

Sample 1: Ms. Jane Smith

Factor Type	Description		2024 CMS-HCC Model	2020 CMS-HCC Model
Demographic Factors	**Female – 93 – Non-Dual Community, Aged**		**0.737**	**0.783**
Disease Factors	**2024 CMS-HCC Model**	**2020 CMS-HCC Model**		
	HCC 037	HCC 018	0.166	0.302
	HCC 127	HCC 052	0.341	0.346
	HCC 238	HCC 096	0.299	0.268
	HCC 329	HCC 108	0.127	0.288
	HCC 383	HCC 138	0.646	0.069
	-	HCC 161	-	0.515
	5 Payment HCC Counts	6 Payment HCC Counts	0.050	0.077
		Total	**1.629**	**1.865**
Raw Risk Score	**Demographic + Disease Factors**		**2.366**	**2.648**

2024 CMS-HCC (non-PACE) Sample 1 (cont.)

Sample 1: Ms. Jane Smith

Applying the Risk Score Formula	2024 CMS-HCC Model	2020 CMS-HCC Model
Raw Risk Score	**2.366**	**2.648**
Adjustments		
Normalization factor	2.366/1.015 = 2.3310345	2.648/1.146 =2.310646
Round to 3 decimal points	2.331	2.311
(1 - MA Coding Pattern Adjustment factor)	2.331 x (1 – 0.059) = 2.19347	2.311x (1- 0.059) = 2.174651
Rounded Total Risk Score	**2.193**	**2.175**
Blend	33% x 2.193 = 0.72369	67% x 2.175 = 1.45725
Round to 3 decimal points	0.724	1.457
Final Risk Score	**2.181**	

2024 RxHCC (non-PACE) Sample 2

Sample 2: Mr. Joe Smith

Factor Type	Description	2023 RxHCC Model
Demographic Factors	**Male – 65-69 – Continuing Enrollee, Community, Non-Low Income, Aged**	**0.190**
Disease Factors	RxHCC30 - Diabetes with Complications	0.562
	RxHCC186 – Heart Failure	0.210
	RxHCC187 - Hypertension	0.111
	Total Disease Factors	**0.883**
Raw Risk Score	**Demographic + Disease Factors**	**1.073**

2024 RxHCC (non-PACE) Sample 2 (cont.)

Sample 2: Mr. Joe Smith

Applying the Risk Score Formula	2023 RxHCC Model
Raw Risk Score	**1.073**
Adjustments	
2024 Normalization factor	1.073/1.063 = 1.009407
Round to 3 decimal points	1.009
Final Risk Score	**1.009**

Risk Adjustment Methodology CBT Series

Modules

1. An Overview of Risk Adjustment
2. Risk Score Calculation
3. Applying the Risk Score Formula
4. 2023 Payment Year Updates and Sample Calculations

View the series on the CMS CSSC Operations website.

CMS Updates

Identification of RA Eligible FFS Outpatient Services

- As previously discussed,* CMS will be using an updated CPT/HCPCS list for the identification of risk adjustment eligible FFS outpatient services.
- As described in The Medicare Managed Care Manual, Chapter 7, Risk Adjustment, Section 120.1.1, CMS excludes diagnoses from outpatient settings for specific services.
- CMS had used an older CPT/HCPCS lists to filter diagnoses from these services in previous runs.
- Note that this is not a change to our filtering rules but an update to the list of CPT/HCPCS used for the specific data collection year in each run.
- This change was applied to the PY2015 rerun and the PY2021 final run.
- In making this update, there were operational changes that were inadvertently and incorrectly made.
- CMS will make these corrections in future reruns of PY2015 and PY2021.
    - Medicare Advantage and Prescription Drug (MARx) payment adjustments as a result of this risk score run will be identified on the MMR by the Adjustment Reason Code (ARC) 25 – Part C Risk Adjustment Factor Change/Recon and ARC 37 – Part D Risk Adjustment Factor Change.

*December 6, 2022 HPMS memo, Rerun of Payment Year 2016

Polling Question 3

I know how to use HPMS to find memos regarding risk adjustment that will assist me in my work.

A. Strongly agree

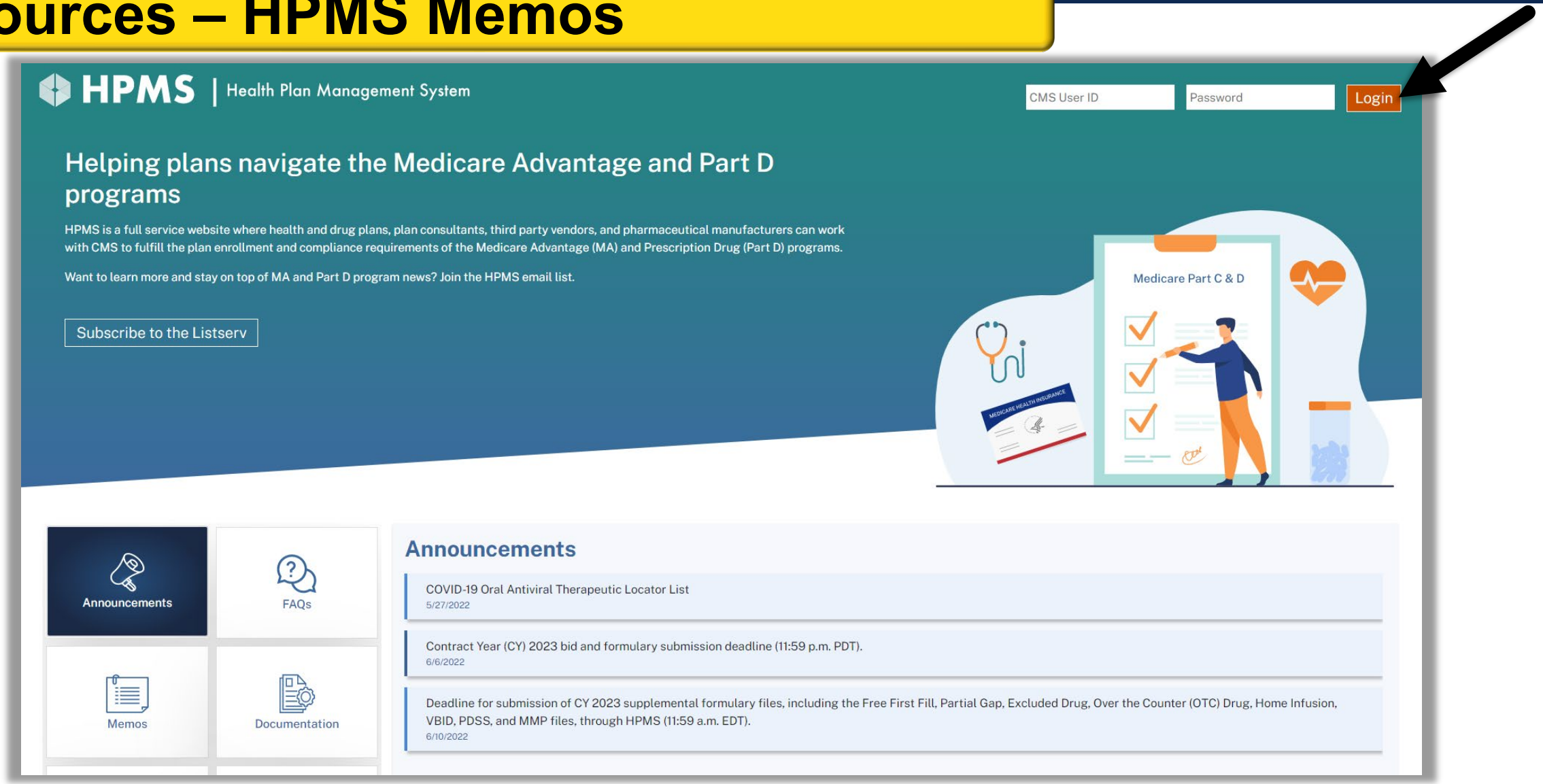
B. Agree

C. Disagree

D. Strongly disagree

E. Not sure

Resources – HPMS Memos



HPMS Memos: Risk Scores for Bidding

- Incoming Files from CMS: Beneficiary-level file to support 2024 Part C bids & ESRD Risk Scores, April 12, 2024
- Incoming Files from CMS: Beneficiary-level file to support 2024 Part D bids Risk Scores, April 12, 2024
- The 2024 initial model software for the 2024 CMS-HCC model is posted on the CMS Risk Adjustment web page

Relevant HPMS Memos

- Reminder of Existing Obligation to Submit Accurate Risk Adjustment Data, April 15, 2022
- Medicare Advantage Risk Adjustment Support Resources, August 19, 2022
- Medicare Advantage/Prescription Drug System (MARx) Payment Information Memos – Monitor HPMS releases each month

Frequently Asked Questions

Polling Question 4

I know which CMS risk adjustment mailbox (operations or policy) to contact when I have a question related to risk adjustment or encounter data.

A. Strongly agree

B. Agree

C. Disagree

D. Strongly disagree

E. Not sure

Questions – Operations & Policy

Operational Questions

Encounter Data and Risk Adjustment Operational Communications/Inquiry Inbox:

RiskAdjustmentOperations@cms.hhs.gov

Policy Questions

Risk Adjustment Policy Communications/Inquiry Inbox:

RiskAdjustmentPolicy@cms.hhs.gov

Questions – Technical Support

CSSC Operations Help Desk

1-877-534-2772

csscoperations@palmettogba.com

MAPD Help Desk

1-800-927-8069

mapdhelp@cms.hhs.gov

Frequently Asked Question 1

Where are the User Group slides posted?

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

Frequently Asked Question 2

When will the software for the 2024 initial risk score run be released?

The initial payment year software package is typically posted sometime in the second CY quarter on the Risk Adjustment web page.

Frequently Asked Question 3

Where can we find the relative factors for the models being used in payment for 2024?

You can locate the relative factors for each of the models being used in payment for 2024 in the Rate Announcement for the year in which the model was finalized.

Frequently Asked Question 4

What is the final risk adjustment data submission deadline for payment year 2022?

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 2022 final risk adjustment data submission deadline is July 31, 2023.

Frequently Asked Question 5

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

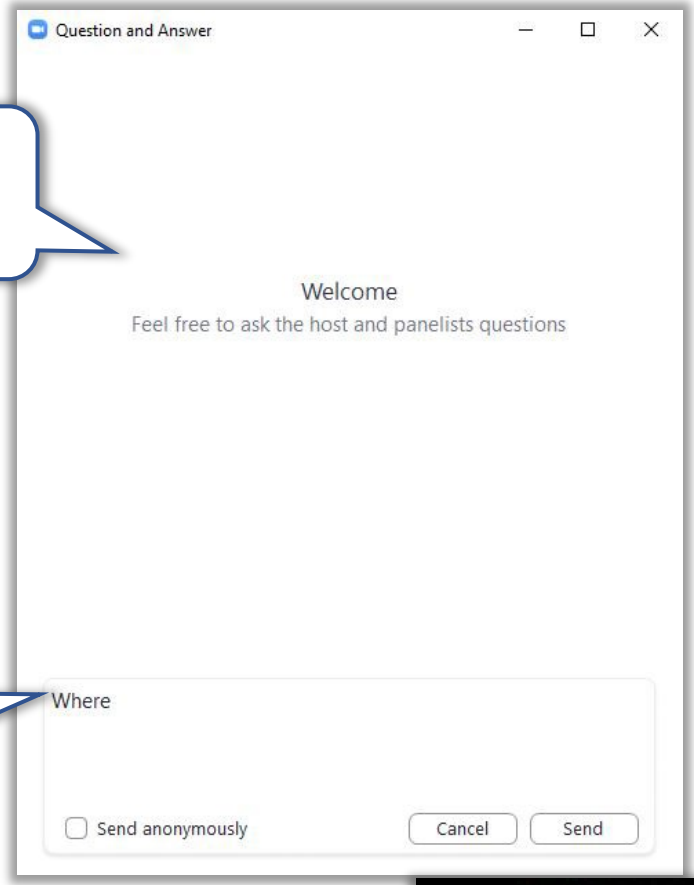
Frailty score information will be posted in HPMS when it is available. Plans can refer to the monthly MARx payment HPMS memos for the most recent updates.

In addition, the monthly membership detail report includes the frailty score applied in payment in field 80, Part C Frailty Score Factor.

Question and Answer Session

Ask Questions During the Q&A Session

Your questions and any answered questions will appear here.



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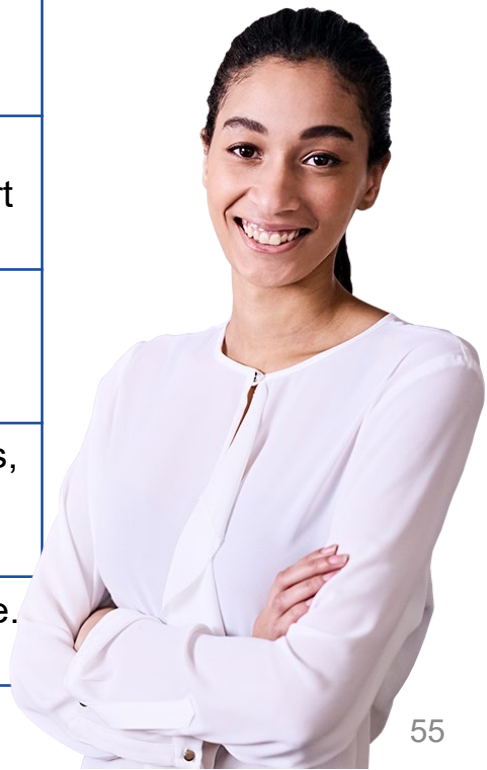
Resources

Resource	Description
Advanced Notices/Rate Announcements	The Advanced Notices and Rate Announcements for each year are archived on the CMS website.
Model Mappings and Software	The Midyear and Final Mappings and Model Software for each year are located on the CMS website.
Risk Adjustment Methodology Computer-Based Training Series	View this training series, which includes an overview of risk adjustment, a walkthrough of how risk scores are calculated, and example calculations, on the CMS CSSC Operations website.
User Group Slide Decks	The slide decks for previous user groups on various topics, including the Rate Announcement, Risk Adjustment for PACE Organizations, and the MAO-004 report are located on the CMS CSSC Operations website.
Centers for Medicare & Medicaid Services	CMS.gov is the official website of the Centers for Medicare & Medicaid Services and includes information about Medicare, Medicaid, and Medicare-Medicaid coordination as well as other information.
Customer Support & Service Center (CSSC) Operations	The CMS CSSC website includes a wealth of resources including training, job aids, and slide decks from previous user groups.
Health Plan Management System (HPMS)	Memos and emails sent from CMS to MA plans are archived on the HPMS website. Sign up for the listserv to receive announcements.