

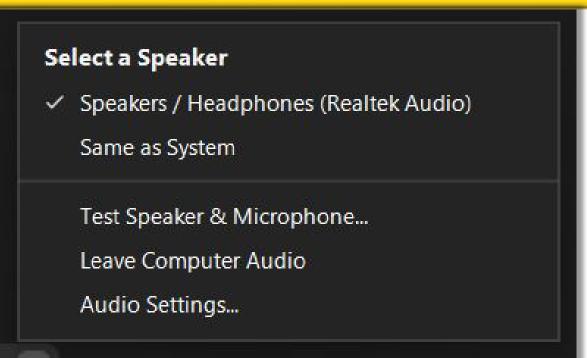
Risk Adjustment for EDS & RAPS User Group: Calendar Year 2025 Rate Announcement



04/25/2024 | 2pm-3pm

# **Joining Audio**

Audio Settings ^



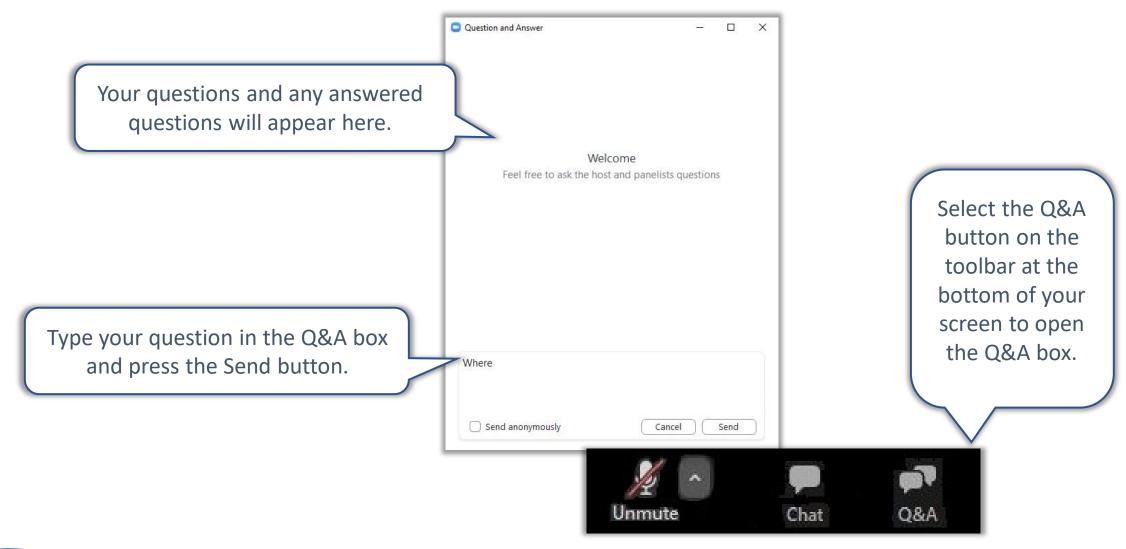
Throughout the User
Group, your microphone
will be muted and you
not be able to unmute
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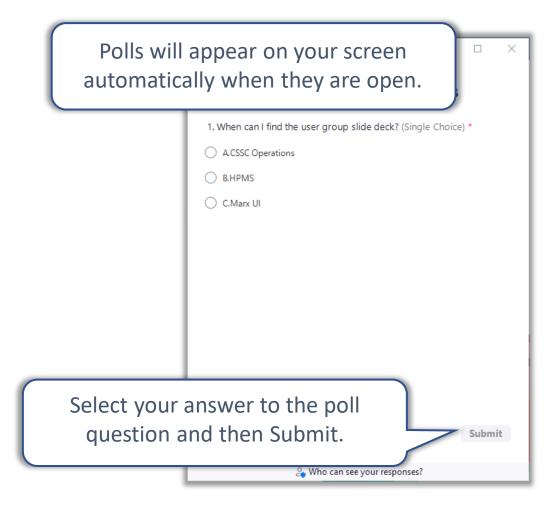


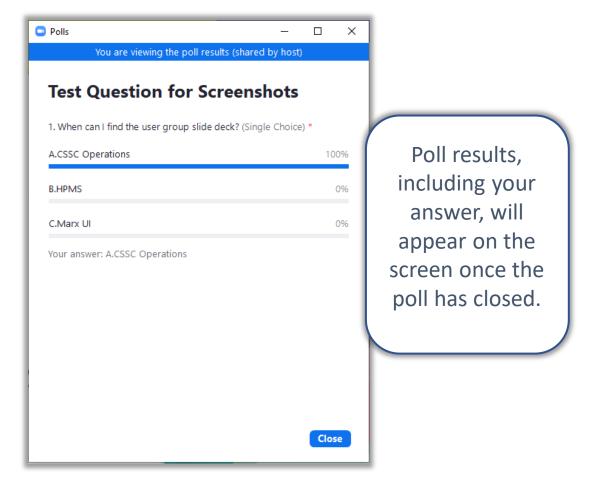
## Ask Questions in the Q&A Box





# **Polling**







# **Objectives**

1

To provide an overview of the risk adjustment policies finalized in the Rate Announcement for Calendar Year (CY) 2025

2

To provide sample Risk Score calculations

3

To answer frequently asked questions regarding the Rate Announcement and risk adjustment



# **Agenda**

- 1 CY 2025 Rate Announcement: Risk Adjustment overview
- What changed for CY 2025?
- What did not change for CY 2025?
- CY 2025 Risk Score Calculation Overview
- 5 CMS Updates
- 6 Frequently Asked Questions
- Question and Answer Session





# **CY 2025 Rate Announcement: Risk Adjustment Overview**



# **Polling Question 1**

I am familiar with the updated risk adjustment policies finalized in the CY 2025 Rate Announcement.

- A. Strongly agree
- B. Agree
- C. Disagree
- D. Strongly disagree
- E. Not sure



#### **CY 2025 Rate Announcement**

On April 1, 2024, CMS published the Announcement of CY 2025 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 2025 payment are:

Model Type	Non-PACE Organizations	PACE Organizations
Part C – non-ESRD	2024 CMS-HCC model (67%) 2020 CMS-HCC model (33%)	2017 CMS-HCC model
Part C – ESRD	2023 CMS-HCC ESRD model	2019 CMS-HCC ESRD model
Part D	2025 RxHCC model (20/21) - NEW	2025 RxHCC model (18/19) - NEW



# What changed for CY 2025?



# Part C CMS-HCC Model and Normalization



#### Part C Models for non-PACE for CY 2025

- CMS will continue phasing in the 2024 CMS-HCC risk adjustment model by calculating risk scores as the sum of 67% of the 2024 CMS-HCC model risk scores and 33% of the 2020 CMS-HCC model risk scores.
- Risk scores will be calculated using only risk adjustmenteligible diagnoses from encounter data and FFS claims



# Frailty for FIDE SNPs for CY 2025

- For CY 2025, CMS will continue to use the frailty factors associated with the 2024 CMS-HCC model and the 2020 CMS-HCC model to calculate frailty scores for Fully Integrated Dual Eligible Special Needs Plans.
- A blended frailty score (67% of the 2024 CMS-HCC model and 33% of the 2020 CMS-HCC model) for FIDE SNPs will be compared with PACE frailty calculated in the same manner to determine whether that FIDE SNP has a similar average level of frailty of PACE organizations.
- As proposed in the 2025 Advance Notice and finalized in the Rate Announcement, CMS will use only the full Medicaid frailty factors to calculate FIDE SNP frailty scores for FIDE SNP enrollees in CY 2025 to be consistent with the requirement that enrollment in FIDE SNPs be limited to full-benefit dually eligible individuals starting in CY 2025.



#### **CY 2025 Normalization Factors**

#### For CMS-HCC Risk Adjustment Models:

- The CY 2025 normalization factors were calculated using a multiple linear regression methodology.
  - Incorporates historical FFS risk scores from the most current five years of average FFS scores (2019 – 2023) and a flag that indicates whether a risk score was based on dates of service before or after the onset of the COVID-19 pandemic.



# **RxHCC (Part D) Model and Normalization**



## IRA Updates to the CY 2025 Part D Benefit

- The IRA includes a series of changes to the Part D standard benefit, which are expected to increase Part D plan liability for CY 2025:
  - Capped beneficiary cost-sharing for covered insulin products and elimination of beneficiary cost-sharing for adult vaccines
  - Reduced out-of-pocket threshold for drug costs (\$2,000 in 2025)
  - Elimination of coverage gap phase of the Part D benefit
  - Elimination of beneficiary cost-sharing (in 2024) and reduction in Medicare reinsurance percentage (in 2025) in catastrophic phase
  - Replacement of the Coverage Gap Discount Program (CGDP) with the Manufacturer Discount Program (MDP)
  - Cost-sharing reductions due to supplemental benefits counting toward the out-of-pocket threshold



#### RxHCC (Part D) Model for non-PACE for CY 2025

- The 2025 RxHCC model for non-PACE organizations for CY 2025
  - Reflects the statutory changes in the Part D benefit structure for 2025
  - Is calibrated on 2021 diagnoses and 2022 expenditures with a 2022 denominator
  - Has the same RxHCCs as those in the previous model used for non-PACE organizations (2023 RxHCC model) that are based on ICD-10 diagnosis codes
  - Risk scores will continue to be calculated using only risk adjustmenteligible diagnoses from encounter data and FFS claims.



#### RxHCC (Part D) Model for PACE for CY 2025

- The 2025 RxHCC model for PACE organizations for CY 2025,
  - Reflects the statutory changes in the Part D benefit structure for 2025
  - Is calibrated on 2018 diagnoses and 2019 expenditures with a 2020 denominator
  - Has updated RxHCCs that align with the RxHCCs in the model used for non-PACE organizations that are based on ICD-10 diagnosis codes
  - Risk scores will continue to be calculated by pooling risk adjustmenteligible diagnoses from encounter data, RAPS data, and FFS claims.



#### **CY 2025 Part D Normalization Factor Update**

#### For RxHCC Risk Adjustment Models:

- The CY 2025 normalization factors were calculated using the five-year linear slope methodology and average historical risk scores
  - For non-PACE organizations, the factors are calculated using risk scores from 2018 through 2022, excluding 2021
  - For PACE organizations, the factors are calculated using risk scores from 2016 through 2020
- For CY 2025, CMS will apply separate normalization factors for MA-PD plans and PDPs.
  - CMS will use the MA-PD normalization factor for PACE organizations



# What did not change for CY 2025?



#### **CMS-HCC Model for PACE for CY 2025**

- In CY 2020, CMS implemented the 2017 CMS-HCC risk adjustment model for PACE organizations
- CMS will continue to use the 2017 CMS-HCC model to calculate risk scores for PACE organizations
- Risk scores will continue to be calculated using diagnoses from encounter data, RAPS, and FFS claims
- In the CY 2025 Advance Notice, CMS noted its intention to transition PACE organizations to fully submitting encounter data in anticipation of future implementation of a more recent version of the CMS-HCC model



#### **ESRD Model for non-PACE**

- In CY 2023, CMS implemented a revised version of the End-Stage Renal Disease (ESRD) CMS-HCC risk adjustment model for non-PACE organizations (the 2023 ESRD CMS-HCC model).
- CMS will continue to use the 2023 ESRD risk adjustment model to calculate risk scores for non-PACE organizations.
- Risk scores will continue to be calculated using diagnoses from encounter data and FFS claims.



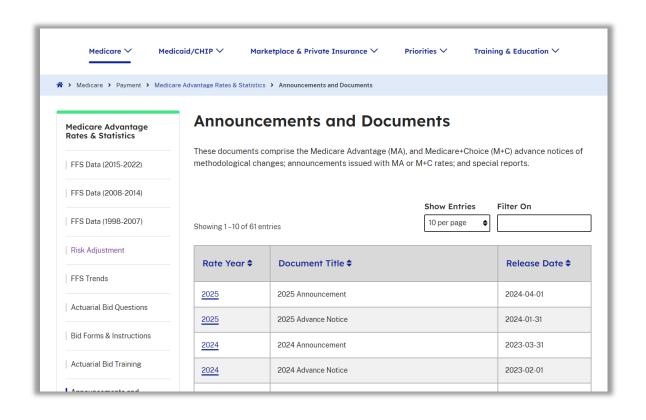
#### **ESRD Model for PACE**

- In CY 2019, CMS implemented the 2019 ESRD CMS-HCC risk adjustment model for PACE organizations
- CMS will continue to use the 2019 ESRD CMS-HCC model to calculate ESRD risk scores for PACE organizations
- Risk scores will continue to be calculated using diagnoses from encounter data, RAPS, and FFS claims



#### **Additional Model Information**

For more information on 2025 Risk Adjustment Policies, see the 2025 Advance Notice and 2025 Rate Announcement.





# **CY 2025 Risk Score Calculation Overview**



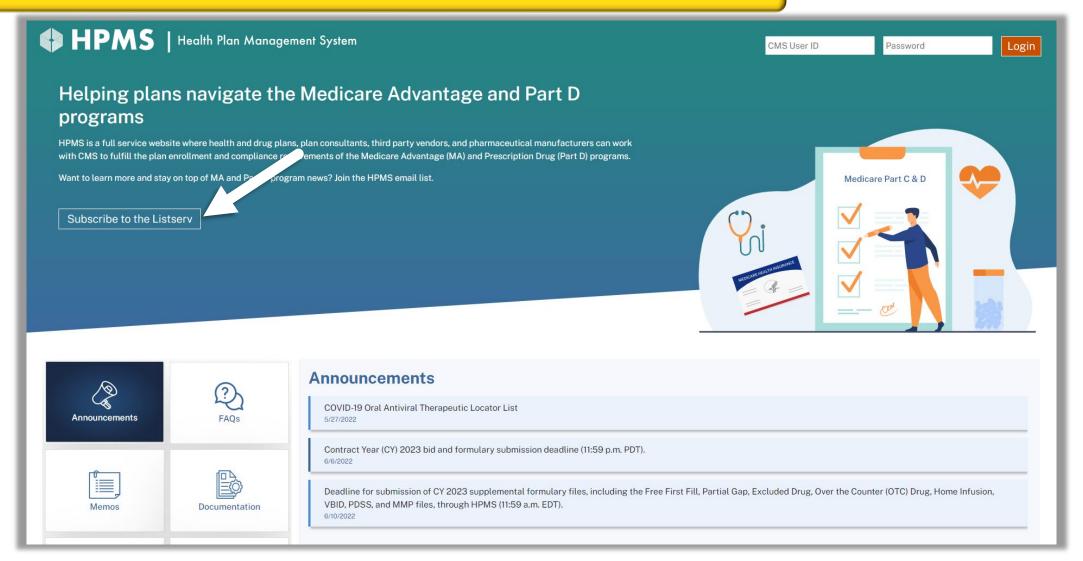
# **Polling Question 2**

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

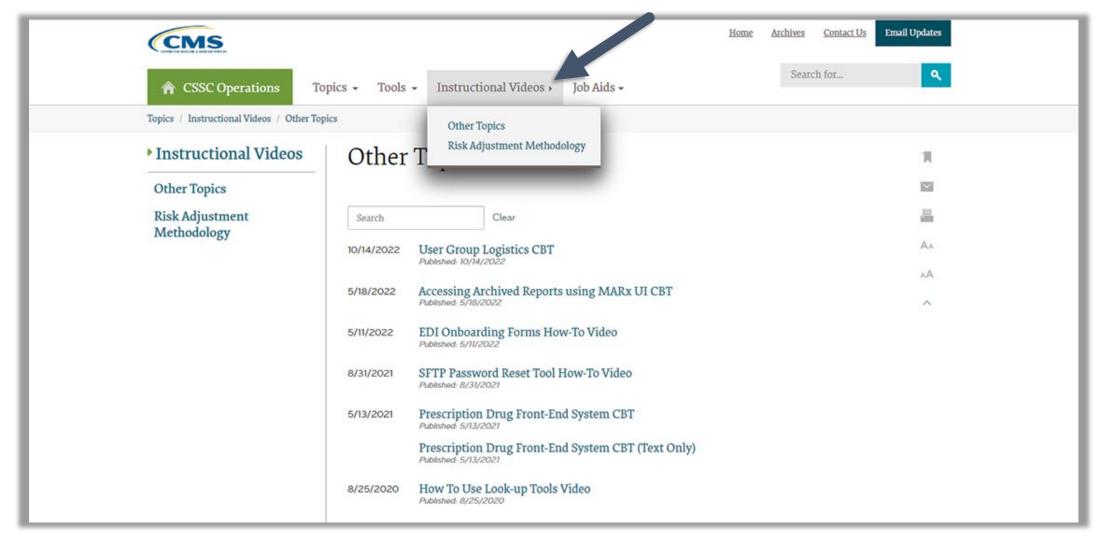


#### Resources - HPMS





# **Resources – CSSC Operations**



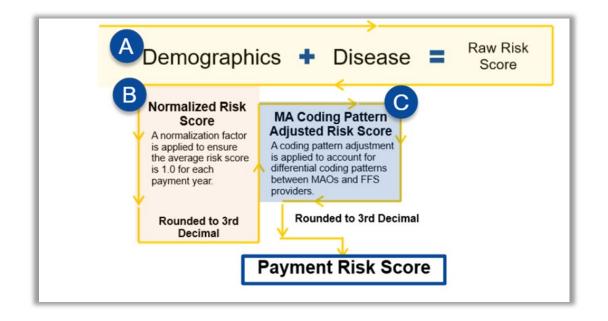


#### Overview of the Risk Score Formula for Part C Payment

Step 1: Calculate payment 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 blended risk score as the sum of 67% of the 2024 CMS-HCC model payment risk score and 33% of the 2020 CMS-HCC model payment 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 2025, 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 Coefficient	s							
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

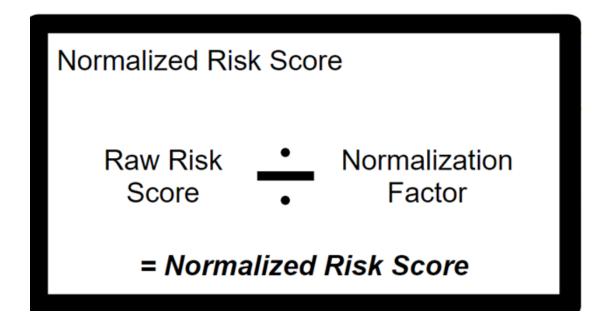
Table VIII-1. 2024 CMS-HCC Model Relative Factors for Continuing Enrollees

Variable	Description Label	Community, NonDual,	Community, NonDual,	Community, FBDual,	Community, FBDual,	Community, PBDual,	Community, PBDual,	Institutional	57
		Aged	Disabled	Aged	Disabled	Aged	Disabled		72
Female									93
0-34 Years		-	0.238	-	0.346	-	0.454	0.948	14
35-44 Years		-	0.288	-	0.332	-	0.420	0.810	
45-54 Years		-	0.340	-	0.384	-	0.404	1.031	97
55-59 Years		-	0.385	-	0.421	-	0.424	0.949	06
60-64 Years		-	0.436	-	0.502	-	0.414	0.881	
65-69 Years		0.330	-	0.435	-	0.365	-	1.188	80
70-74 Years		0.395	-	0.506	-	0.423	-	1.119	80
75-79 Years		0.465	-	0.596	-	0.485	-	0.965	80
80-84 Years		0.524	-	0.665	-	0.544	-	0.862	-
85-89 Years		0.624	-	0.775	-	0.618	-	0.750	80
90-94 Years		0.737	-	0.869	-	0.738	-	0.627	42
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 2025 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 2025 Normalization Factors by Model**

CMS-HCC Risk Adjustment Models <sup>1</sup>	Factor
2024 Part C CMS-HCC Model (for non-PACE)	1.045
2020 Part C CMS-HCC Model (for non-PACE)	1.153
2017 Part C CMS-HCC Model (for PACE)	1.157
2023 ESRD Dialysis CMS-HCC Model (for non-PACE)	1.044
2019 ESRD Dialysis CMS-HCC Model (for PACE)	1.103
2023 ESRD Functioning Graft CMS-HCC Model (for non-PACE)	1.074
2019 ESRD Functioning Graft CMS-HCC Model (for PACE)	1.159
RxHCC Risk Adjustment Models	Factor
2025 RxHCC Model (for non-PACE) MA-PD enrollees <sup>2</sup>	1.073
2025 RxHCC Model (for non-PACE) PDP enrollees <sup>3</sup>	0.955
2025 RxHCC Model (for PACE) <sup>4</sup>	1.163

<sup>&</sup>lt;sup>1</sup> CMS calculated the factors using a five-year multiple linear regression methodology and average historical FFS risk scores for 2019–2023.

<sup>&</sup>lt;sup>4</sup> CMS calculated the MA-PD factor using a five-year linear slope methodology and average FFS risk scores from 2016–2020.



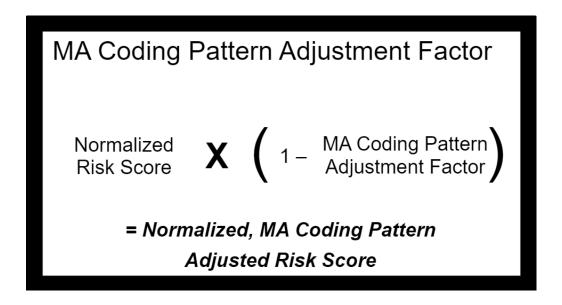
<sup>&</sup>lt;sup>2</sup> CMS calculated the MA-PD and PDP factors using a five-year linear slope methodology and average FFS risk scores from 2018–2022, excluding 2021.

<sup>&</sup>lt;sup>3</sup> CMS calculated the MA-PD and PDP factors using a five-year linear slope methodology and average FFS risk scores from 2018–2022, excluding 2021.

#### Step 1C: CY 2025 MA Coding Pattern Adjustment Factor

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

- CY 2025 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





#### **Example 1: Part C Risk Score, Non-PACE Organization**

#### Example 1: 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



#### **Example 1: Part C Risk Score, Non-PACE Organization (cont.)**

#### Example 1: 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	2.366/1.045 = 2.26411	2.648/1.153 =2.29662		
Round to 3 decimal points	2.264	2.297		
(1 - MA Coding Pattern Adjustment factor)	2.264 x (1 – 0.059) = 2.13042	2.297 x (1- 0.059) = 2.16148		
Rounded Total Risk Score	2.130	2.161		
Blend	67% x 2.130 = 1.4271	33% x 2.161 = 0.71313		
Round to 3 decimal points	1.427	0.713		
Payment Risk Score	1.427 + 0.713 <b>= 2.140</b>			



#### **Example 2: Part D MA-PD Risk Score, Non-PACE Organization**

# Example 2: Joe Smith is enrolled in a Medicare Advantage Prescription Drug (MA-PD) plan

Factor Type	Description	2025 RxHCC Model
Demographic Factors	Male – 65-69 – Continuing Enrollee, Community, Non-Low Income, Aged	0.175
Disease Factors	RxHCC30 - Diabetes with Complications	0.586
	RxHCC186 – Heart Failure	0.183
	RxHCC187 - Hypertension	0.049
	Total Disease Factors	0.818
Raw Risk Score	Demographic + Disease Factors	0.993



#### **Example 2: Part D MA-PD Risk Score, Non-PACE Organization (cont.)**

#### Example 1: Joe Smith

Applying the Risk Score Formula	2025 RxHCC Model for non-PACE Organizations
Raw Risk Score	0.993
Adjustments	
Normalization factor for MA-PD plan	0.993/1.073 = 0.92544
Round to 3 decimal points	0.925
Payment Risk Score	0.925



# **CMS Updates**



#### Risk Adjustment Methodology CBT Series

#### Modules

- 1. An Overview of Risk Adjustment
- 2. Risk Score Calculation
- 3. Scenarios
- 4. 2023 Payment Year Updates and Sample Calculations
- 2024 Calendar Year Updates and Guided Practice

View the series on the <a href="CMS CSSC Operations website">CMS CSSC Operations website</a>.





## **Upcoming User Groups**

- Use of Encounter Data in Overpayment Reruns
  - May 1, 2024 at 2:00 p.m.
  - Registration closes April 25, 2024

- Program of All-Inclusive Care for the Elderly (PACE)
  - June 13, 2024 at 2:00 p.m.



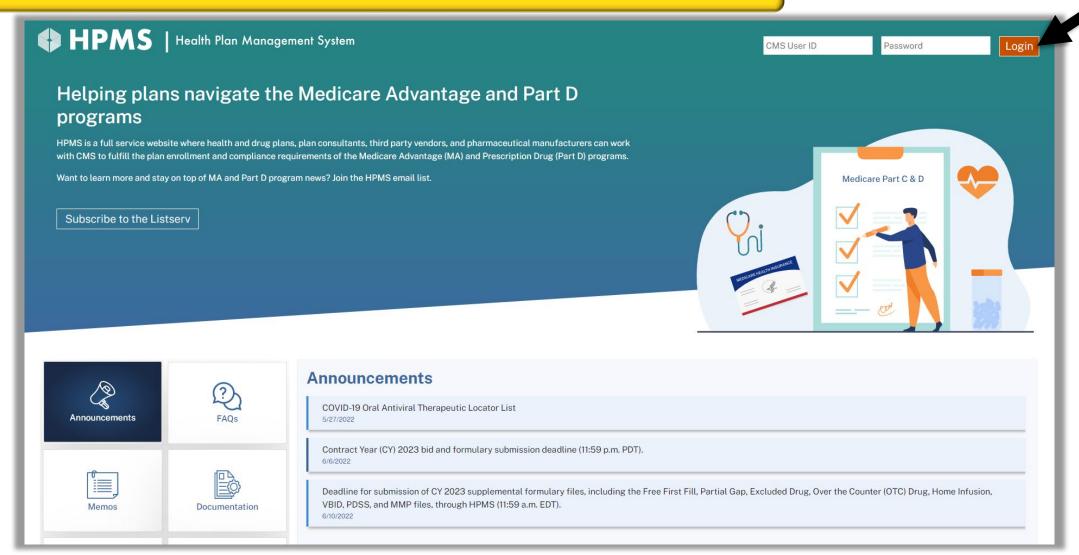
### **Polling Question 3**

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 2025 Part C bids & ESRD Risk Scores – April 8, 2024
- Incoming File from CMS: Beneficiary-level file to support 2025
   Part D bids April 8, 2024



#### **Other 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
- 2024 Risk Score Reruns for Purposes of Payment Recovery February 29, 2024





## **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





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.





When will the software for the 2025 initial risk score run be released?

The 2025 initial model software package will be posted later this calendar year on the Risk Adjustment web page.





Where can we find the relative factors for the models being used in payment for 2025?

You can find the relative factors for the models being used in payment for 2025 in the Rate Announcement for the year in which the model was finalized.





What is the final risk adjustment data submission deadline for payment year 2024?

Consistent with the May 5, 2023, HPMS memo titled "Deadline for Submitting Risk Adjustment Data for Use in Risk Score Calculation Runs for Payment Years 2022, 2023, 2024, and 2025," the PY 2024 final risk adjustment data submission deadline is January 31, 2025.





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.

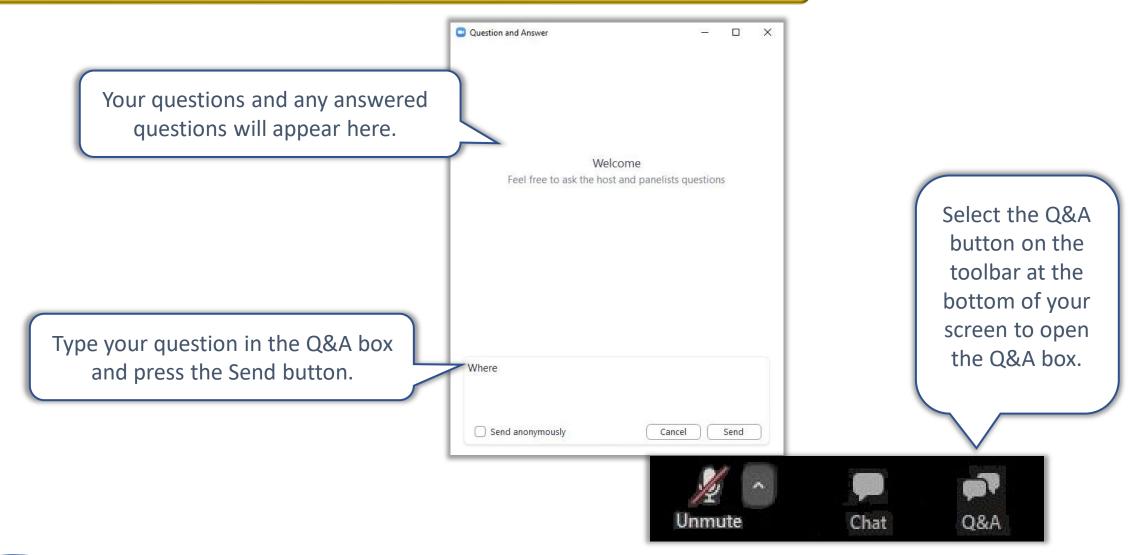




## **Question and Answer Session**



### Ask Questions During the Q&A Session





### 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.

