Risk Adjustment User Group

Thursday,
December 5, 2013

3:00 pm - 4:00 pm ET
Agenda

• Purpose
• Guidance for MAOs
• System Updates
• Highlights and Reminders
• Example Risk Score Calculation for PY 2014
• Upcoming Events
• Questions and Closing Remarks
Purpose

To Provide Medicare Advantage Organizations (MAOs) and Other Entities with Risk Adjustment Industry Updates

To Offer Guidance Regarding Risk Adjustment Policy and Operations

To Provide Reminders Regarding Submission Requirements and Resources
Target Audience

The primary audience for this call includes:

- MAOs and PDP Sponsors
  - Regional and Employer Group Health Plans
  - Specialty Plans
  - Medicare Medicaid Plans (MMPs)
- PACE
- Third Party Submitters
Guidance for MAOs and Other Entities
Risk Adjustment Process

1. Physician or Hospital
2. MAO
3. RAPS Format
4. FERAS
5. RAPS
6. RAPS Database
7. RAS
8. MARx
Risk Adjustment Process

1. Physician or Hospital
   A physician documents a patient’s visit in patient’s medical record.

2. MAO
   The physician’s office or hospital codes claim and submits data to MAO.

3. RAPS Format
   MAO sends diagnosis clusters in RAPS format to Front-End Risk Adjustment System (FERAS) at least quarterly.
Risk Adjustment Process

1. **FERAS**
   - Data goes to FERAS for processing where file-level data, batch-level data, and first and last detail records are checked.

2. **RAPS**
   - After passing FERAS checks, file goes to CMS Risk Adjustment Processing System (RAPS) for detail editing.

3. **RAPS Database**
   - The RAPS database stores all finalized diagnosis clusters.
Risk Adjustment Process

7 RAS
Risk Adjustment System (RAS) executes risk adjustment models and calculates risk score.

8 MARx
Medicare Advantage Prescription Drug System (MARx) processes beneficiary-level payments and issues reports documenting data used in payment (MMR and MOR).

NOTE: CMS conducts annual data validation audits on selected contracts, which will have to request medical records from providers to support submitted diagnoses.
System Updates
MOR Updates

• The November 2013 System Release modifies the current monthly MOR for Part C to support new Part C risk adjustment model.

• Part C MOR file currently includes two detail record types and updates to include a third detailed record type.

• The record types now are:
  - Record Type A: Current Part C aged/disabled risk adjustment model (model version 12) for non-PACE, non-ESRD beneficiaries
  - Record Type B: Current PACE and ESRD models (version 21)
  - Record Type C: New 2014 Part C aged/disabled risk adjustment model (version 22)
MOR Updates

- The Part C MOR data file format for 2014 is modified to support the new CMS V22 model.
- MAOs can reference the Detail Record for the new CMS-HCC V22 model for factor definitions in the new V22 Detail Record Type C for non-PACE, non-ESRD beneficiaries.
- The Part C MOR report file format for 2014 displays two sets of data (V12 and V22) for the same MA beneficiary. The program name in the report header changes to indicate which set of data is used.
- The Record Type A (model version 12) and Record Type B (model version 21) do not change for 2014.
MOR Updates


NOTE: The Part D MOR data file format and report file format do not change for 2014, except for the program name in the report header of the report file, which changes to indicate which set of data is used.
New RAPS Risk Assessment Code

• Effective for DOS starting 1/1/2014, risk adjustment data submitted by MAOs to FERAS and then to RAPS are accepted only if the new field “Risk Assessment” is populated.

• The Risk Assessment field must contain one of these values:
  A. Diagnosis code from a clinical setting.
  B. Diagnosis code from a non-clinical setting originating in a visit that meets all requirements specified at 42 CFR 410.15(a) for First Annual Wellness Visit or Subsequent Annual Wellness Visit.
  C. Diagnosis code from non-clinical setting originating in a visit that does not meet all requirements specified at 42 CFR 410.15(a) for a First Annual Wellness Visit or Subsequent Annual Wellness Visit.
Reminders:

- All rules about acceptable sources of risk adjustment data apply to both clinical and non-clinical settings.
- The RAPS Format effective 2014 has been updated to reflect Risk Assessment Codes ‘A,’ ‘B,’ or ‘C’ as acceptable codes.
- The new RAPS file format requires assignment of one of the three acceptable Risk Assessment Codes to each cluster.
New RAPS Risk Assessment Code

• Errors are returned for anything other than an acceptable code in the Risk Assessment Code field for DOS 1/1/2014 or greater.

• There are no certification requirements for the new RAPS format submission.

• MAOs may begin submitting the Risk Assessment Codes immediately; however, the field is not required until DOS starting January 1, 2014.
New RAPS Risk Assessment Code

November 29th HPMS Memo:
• For risk-adjustment purposes, whether a setting is clinical or non-clinical should be determined based on the place of service (POS).
• A setting is a POS, not a type of service or a type of provider.
• Further, we are clarifying that, for purposes of MA risk adjustment, a non-clinical setting is a beneficiary’s home.
  – This is referenced as code 12 “Home” in the existing POS Codes for professional services, which can be found at http://www.cms.gov/Medicare/Coding/place-of-service-codes/Place_of_Service_Code_Set.html.
• Thus, Risk Assessment Code A should be used for diagnoses that come from clinical settings, and the Risk Assessment Codes B and C should be used for diagnoses that come from non-clinical settings, that is, the beneficiary’s home.
Production and Operations Schedule

Each year has three Model Runs:

**PY 2013 Initial Model Run**
(DOS: 7/1/2011- 6/30/2012)

**PY 2013 Mid-year Model Run**
(DOS: 1/1/2012- 12/31/2012)

**PY 2013 Final Model Run**
(DOS: 1/1/2012- 12/31/2012)

**NOTE:** Contracts should recognize the connection between the model runs, the dates of service, and changes in risk score for initial, mid-year, and final reconciliation.
Contracts selected for PY 2011 Contract-Level RADV were notified of their selection on November 5, 2013.

Contracts not selected for PY 2011 Contract-Level RADV were notified of this on November 8, 2013.

Contracts not selected for PY 2011 Contract-Level RADV may resume submitting deletes for PY 2011 (DOS 2010) at this time.

MAOs may continue using the ARA portal to submit dollar estimates and technical explanations related to deletes.

https://askriskadjustment.com/
2012 Final Risk Score Updates

• The August 2013 payment included the final reconciliation of the risk scores for 2012.

• Each affected contract should have seen Adjustment Reason Code (ARC) 25 (Part C Risk Adjustment Factor Change/Recon) and ARC 37 (Part D Risk Adjustment Factor Change) on the Monthly Membership Report (MMR).
Payment Adjustments

• Payment adjustments were made in October for PY 2009, PY 2010, and PY 2011 deletes.
• Payment adjustments for the PY 2012 rerun are expected to be incorporated into payments early next year.
• RAPS submissions for PY 2012 (DOS 2011) are closed at this time.
  – Please hold all delete submissions until further notice.
• CMS will use RAPS data submissions to calculate the risk scores used in 2014 payment (2013 DOS).

• All organizations should continue to submit data into RAPS for this purpose.

• MAOs are still obligated to submit Encounter Data for DOS starting in January 2012. All Encounter Data submission requirements are still in place.
MMR and MOR Factors Used in Risk Calculations

Below are some of the report fields that can assist plan sponsors in determining the factors in their enrollees’ risk scores:

<table>
<thead>
<tr>
<th>Demographic/Diagnostic Information</th>
<th>Description</th>
<th>MMR</th>
<th>MOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td>Male or Female</td>
<td>✅</td>
<td>✅</td>
</tr>
<tr>
<td>Age/RA Age Group</td>
<td>Age as of February 1(^{st}) of payment year, with the exception of beneficiaries who recently aged into Medicare and may have been 64 on February 1(^{st}). These beneficiaries are treated as 65.</td>
<td>✅</td>
<td>✅</td>
</tr>
<tr>
<td>Medicaid and Disabled</td>
<td>Beneficiary is disabled and also entitled to Medicaid.</td>
<td>N/A</td>
<td>✅</td>
</tr>
<tr>
<td>Demographic/Diagnostic Information</td>
<td>Description</td>
<td>MMR</td>
<td>MOR</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Medicaid</td>
<td>The Medicaid factor is applied to full risk beneficiaries if they have one or more months of Medicaid status in the data collection year and for new enrollees when they have one or more months of Medicaid in the payment year.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Originally Disabled</td>
<td>Beneficiary’s original Medicare entitlement was due to disability.</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Hospice</td>
<td>MAOs are not paid risk payments for the months when their enrollees are in hospice. Risk score on the MMR will be zero (0.000).</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Default Risk Factor Code</td>
<td>Assigned for new enrollment in Medicare after the model run, change in status (i.e., new to ESRD), a change in HIC number, or in rare cases when there is a lapse in Part B coverage. Used when RAFT code is unavailable.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Risk Adjustment Factor Type (RAFT) Code or Part D RA Factor Type Code</td>
<td>Communicates which risk adjustment model was used to calculate the risk score for a beneficiary.</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Frailty Indicator (if applicable)</td>
<td>Flag indicating if beneficiary receives additional factor because of enrollment in PACE or other qualifying FIDE SNP and qualifies for frailty.</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Demographic/ Diagnostic Information</td>
<td>Description</td>
<td>MMR</td>
<td>MOR</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Frailty Factor (if applicable)</td>
<td>Factor added to risk score.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Original Reason for Entitlement Code (OREC)</td>
<td>A number that represents the beneficiary’s reason for entitlement to Medicare. 0 = due to age, 1 = disability, 2 = ESRD, 3 = disability and current ESRD, and 9 = none of the above.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Part C Long Term Institutional (LTI)</td>
<td>The LTI status is based upon 90 day or longer stays in an institutional setting and determines which risk score to use for the month.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>HCC/RxHCC Groupings</td>
<td>HCCs or RxHCCs applicable to a beneficiary and used in calculating the risk score for initial, mid-year, or final reconciliation payments. RAS applies the hierarchies prior to generating the MOR, so that only the most severe condition of a disease appears on the report.</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Interactions</td>
<td>Applicable disease or disabled interactions reported on the MOR.</td>
<td></td>
<td>√</td>
</tr>
</tbody>
</table>
Example Risk Score Calculation for PY 2014
CMS–HCC Models for PY 2014

• In 2014, CMS will phase in changes to the CMS-HCC risk adjustment model.

• The 2014 risk scores (RS) will be calculated using 2013 diagnoses and will be a blend of risk scores from 2013 and 2014 models.

• Risk scores from the 2013 CMS-HCC model will be weighted by 25%, and risk scores from the 2014 CMS-HCC model will be weighted by 75%.
Risk Score Calculation for PY 2014

Portion of risk score from 2013 model + Portion of risk score from 2014 model = Blended 2014 Risk Score

Portion of risk score from 2013 model

\[
\left( \frac{\text{raw risk score from 2013 model}}{\text{(normalization factor for 2013 model)}} \right) \times (1 - 2014 \text{ coding pattern adjustment}) \times 25\% = \text{portion of the risk score from 2013 model}
\]

Portion of risk score from 2014 model

\[
\left( \frac{\text{raw risk score from 2014 model}}{\text{(normalization factor for 2014 model)}} \right) \times (1 - 2014 \text{ coding pattern adjustment}) \times 75\% = \text{portion of the risk score from 2014 model}
\]
EX: Risk Score Calculation PY 2014

Portion of the risk score from 2013 model

1. Raw RS = Demographic Factors + Diagnostic Coefficients
   
   Example raw RS = 1.150

2. Normalized risk score = Raw RS / Normalization Factor
   
   1.150 / 1.041 = 1.1047 Rounded = 1.105

3. MA coding adjusted risk score = Normalized Risk Score X (1 - Coding Adjustment Factor)
   
   1.105 X (1-0.0491) = 1.0507 Rounded = 1.051

4. 2013 portion of the risk score = 2013 risk score X 25%
   
   1.051 X .25 = 0.2628

Portion of 2013 model risk score (rounded) = 0.263
EX: Risk Score Calculation PY 2014

Portion of the risk score from 2014 model

1. Raw RS = Demographic Factors + Diagnostic Coefficients
   Example raw RS = 1.117

2. Normalized risk score = Raw RS / Normalization Factor
   \[
   \frac{1.117}{1.026} = 1.0887 \text{ Rounded } = 1.089
   \]

3. MA coding adjusted risk score = Normalized Risk Score \times (1 - Coding Adjustment Factor)
   \[
   1.089 \times (1 - 0.0491) = 1.0355 \text{ Rounded } = 1.036
   \]

4. 2014 portion of the risk score = 2014 risk score \times 75%
   \[
   1.036 \times 0.75 = 0.777
   \]

Portion of the risk score from 2014 model = 0.777
EX: Risk Score Calculation PY 2014

Portion of the risk score from 2013 model + Portion of the risk score from 2014 model = Blended 2014 Risk Score

$$\text{2013 portion of the RS} \ + \ \text{2014 portion of the RS}$$

$$0.263 \ + \ 0.777 = 1.040$$

Blended RS = 1.040
Upcoming Events & Resources
Upcoming Events

To obtain information on upcoming events, go to the TARSC website, and check the “Upcoming Events” box.

http://tarsc.info/
## Resources

<table>
<thead>
<tr>
<th>Resource</th>
<th>Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSSC Operations</td>
<td><a href="http://www.csscoperations.com">http://www.csscoperations.com</a></td>
</tr>
<tr>
<td></td>
<td><a href="mailto:csscoperations@palmettogba.com">csscoperations@palmettogba.com</a></td>
</tr>
<tr>
<td>Technical Assistance Registration Service Center (TARSC)</td>
<td><a href="http://www.tarsc.info/">http://www.tarsc.info/</a></td>
</tr>
</tbody>
</table>
Risk Adjustment Email Address & TARSC Telephone Number

Risk Adjustment Inbox Email Address:
riskadjustment@cms.hhs.gov

New Technical Assistance Registration Service Center (TARSC) telephone number:
1-800-290-2910
Questions
Feedback Request

- Following this User Group, you will receive an email requesting your feedback regarding this session.
- Please take a moment to respond to the questions and provide comments.
- This information will assist CMS with meeting your submission needs and enhancing your User Group participation experience.

YOUR FEEDBACK IS IMPORTANT!
Closing Remarks