



Medicare Advantage Risk Score Transition

RAPS to EDS Impact

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Caveats and Limitations

This presentation and question and answer session is not intended to be an actuarial opinion or advice, nor is it intended to be legal advice.

Any statements made during the presentation and subsequent question and answer session shall not be a representation of Milliman or its views or opinions, but only those of the presenter.

In preparing this presentation, I relied on data and information from the Center for Medicare and Medicaid Services (CMS), as well as aggregated Medicare Advantage risk score data. I have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the information I present may likewise be inaccurate or incomplete.

This presentation reflects my experience working with various Medicare Advantage plans. Each plan's circumstances, beneficiaries, and infrastructure are unique. I present general information about Medicare Advantage risk adjustment that is not intended to be a specific actuarial opinion or advice.

Agenda

1. Background on Medicare Advantage risk score basics
2. Background on the EDS transition
3. Milliman RAPS / EDS study
4. What can MA plans do?
5. Plan score card

Model Structure

**Risk Score = Age / Sex / Eligibility Component +
Disease Component +
Interaction Component**

Model Structure *(Continued)*

Age / Sex / Eligibility. Each member gets a single factor based on age (5-year age bands), gender, and original reason for eligibility (old age or disability)

Disease. Member's risk score increases for each chronic condition found in his / her disease profile. In CMS' model each condition is classified into a Hierarchical Condition Category (HCC).

Interaction. Certain combinations of disease and / or eligibility status have been found to increase costs. Therefore, an additional factor is added if all relevant conditions are present.

Model Types. For Part C, there is a different set of model factors based on Institutional status, dual-eligibility (for non-institutional members), and ESRD status

Model Structure *(Continued)*

Example: 75-year old male, institutional status, suffers from diabetes with complications and congestive heart failure.

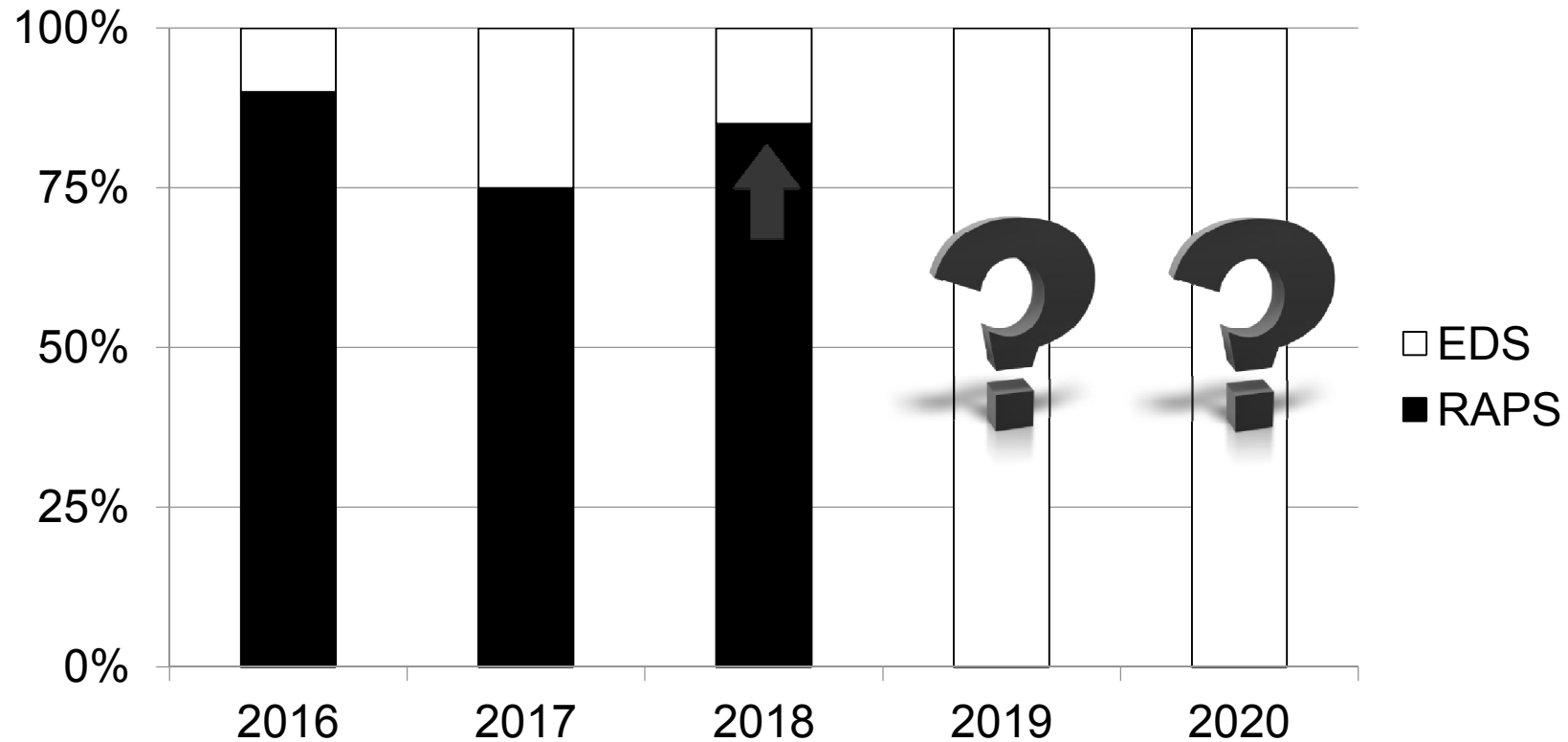
Factor	Value
75-year old male	1.308
Diabetes w/chronic complications (HCC 18)	0.433
Congestive Heart Failure (HCC 85)	0.187
Diabetes / CHF interaction	0.151
TOTAL	2.079

Data Used

- RAPS files
 - Used since inception of risk adjustment
 - Many forms of diagnosis documentation are acceptable
- Encounter files
 - Based on claims submission
 - Different set of filters / criteria (example: lab claims)
- Relative impact changing over time
 - 2017 – 75% RAPS, 25% encounter
 - 2018 – 85% RAPS, 15% encounter
 - Eventually – 100% encounter

EDS Transition Timeline

CMS intends to rely solely on EDS records to calculate risk scores in the future



2017 Rate Announcement, CMS
2018 Advance Notice, CMS
2018 Rate Announcement, CMS

Submission Timeline

Submission deadlines (including extensions) for risk score runs

Risk Score Run	Diagnosis Period	Submission Deadline	Includes EDS?
2015 Initial	7/1/2013 – 6/30/2014	9/12/2014	N
2015 Mid-Year	1/1/2014 – 12/31/2014	3/6/2015	N
2015 Final	1/1/2014 – 12/31/2014	2/22/2016	Y
2016 Initial	7/1/2014 – 6/30/2015	9/11/2015	N
2016 Mid-Year	1/1/2015 – 12/31/2015	3/4/2016	N
2016 Final	1/1/2015 – 12/31/2015	1/31/2017 and 5/1/2017?	Y
2017 Initial	7/1/2015 – 6/30/2016	9/9/2016	N
2017 Mid-Year	1/1/2016 – 12/31/2016	3/3/2017	N
2017 Final	1/1/2016 – 12/31/2016		Y

- **PY 2016:** RAPS was due 1/31/2017; EDS was due 5/1/2017, but will be extended again due to Phase III MAO-004s.
- **PY 2016 and PY 2017:** EDS blending is only included in the final sweep.

Milliman RAPS / EDS Study Results – January 2017

EDS producing lower risk scores

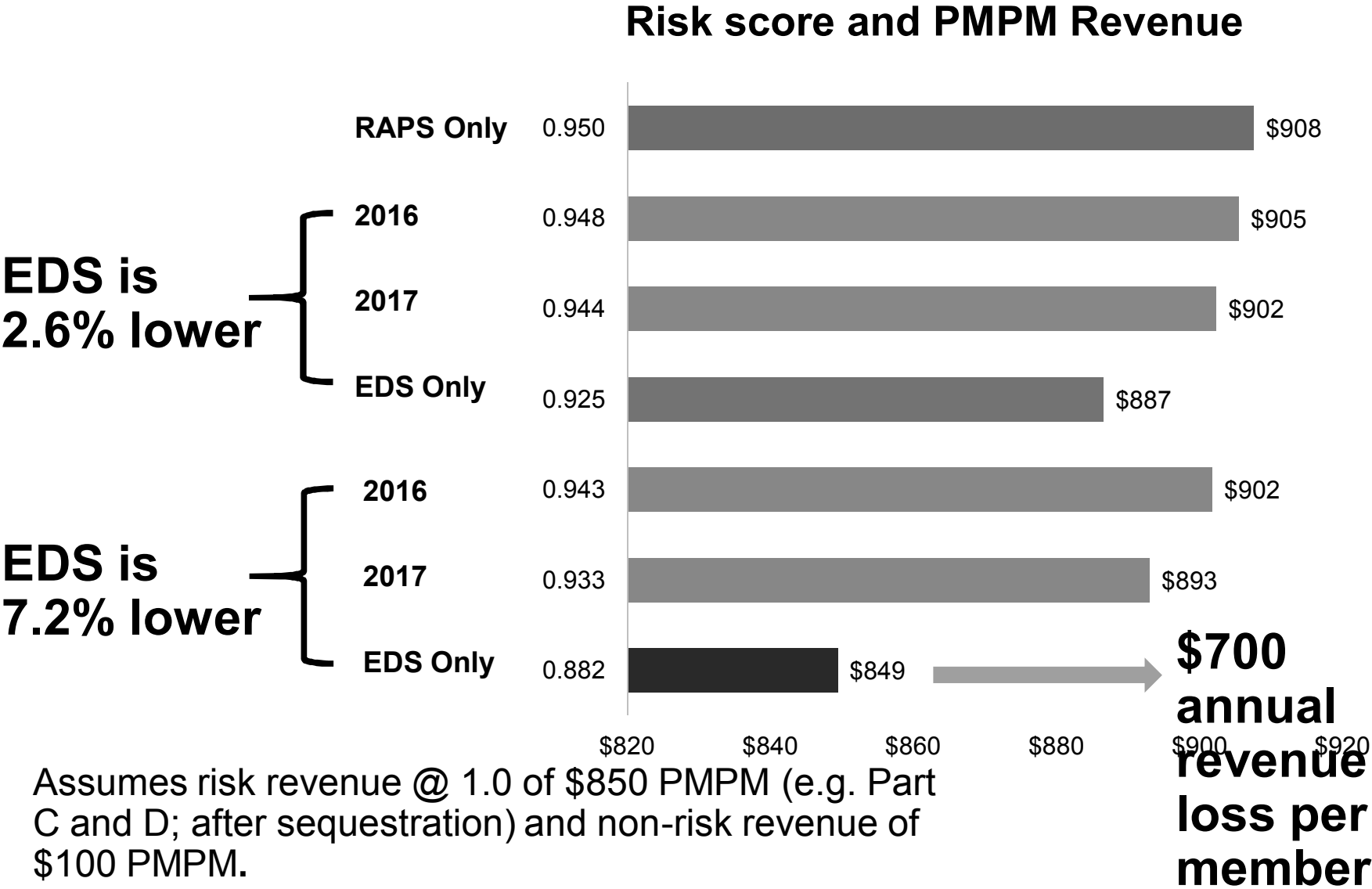
Part C risk score difference percentiles (EDS vs RAPS)

Plan Type	20 th	40 th	50 th	60 th	80 th
All plans	-7.2%	-4.8%	-4.0%	-3.4%	-2.6%
SNPs	-8.4%	-6.6%	-5.1%	-4.7%	-3.1%
General enrollment	-6.8%	-4.2%	-3.8%	-3.2%	-2.5%

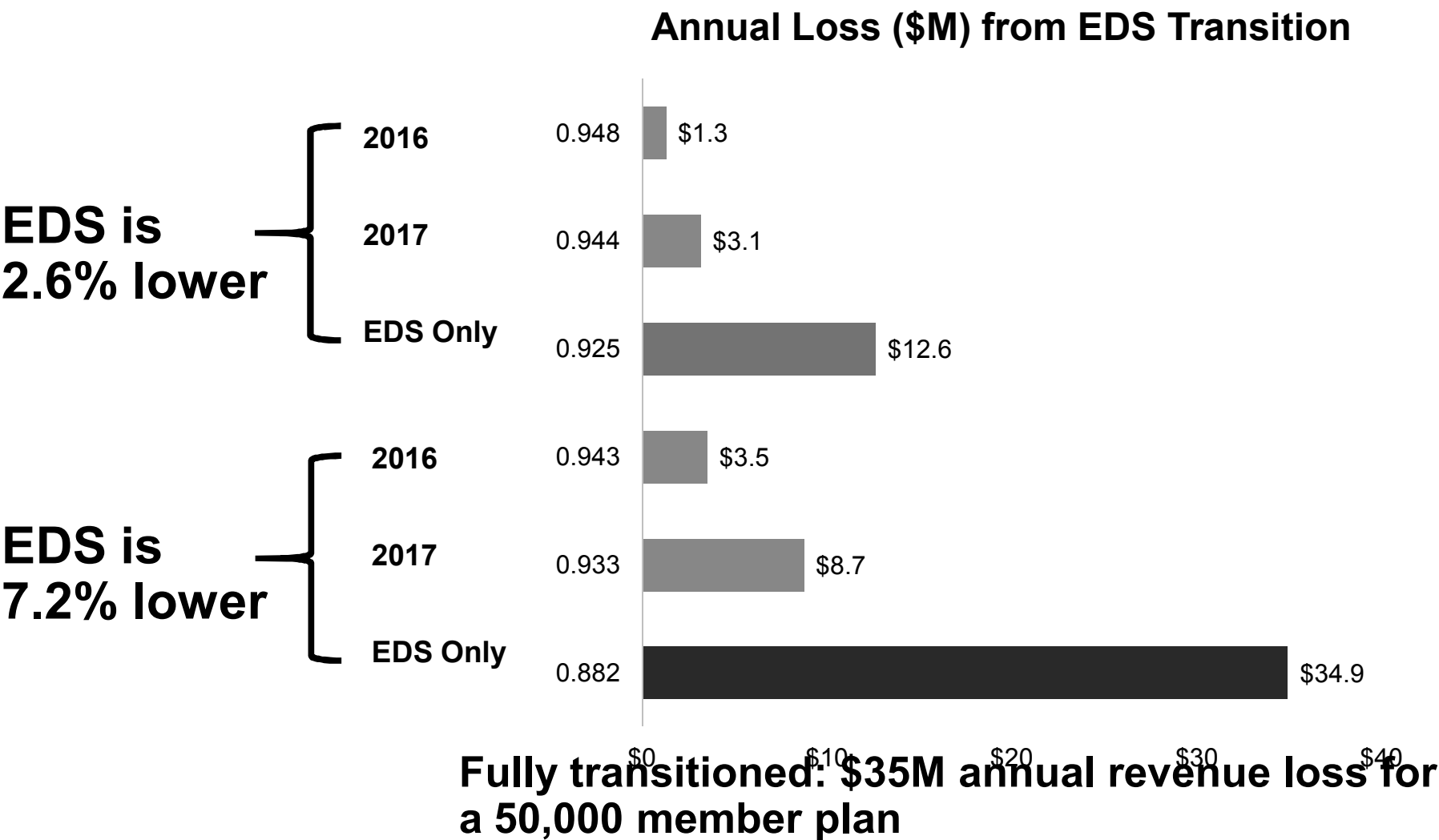
Methodology:

- i. Payment year 2016 risk scores
- ii. Members with full CY 2015 experience
- iii. Phase II MAO-004 files only
- iv. 15 MAOs (small to medium size), 154 plans, 900,000 members
- v. Last submission date varied by participating MAO from August to October 2016
- vi. Consistent submission date for RAPS and EDS
- vii. Algorithm for unwinding HICN changes to match each member's EDS and RAPS submissions to the MMR

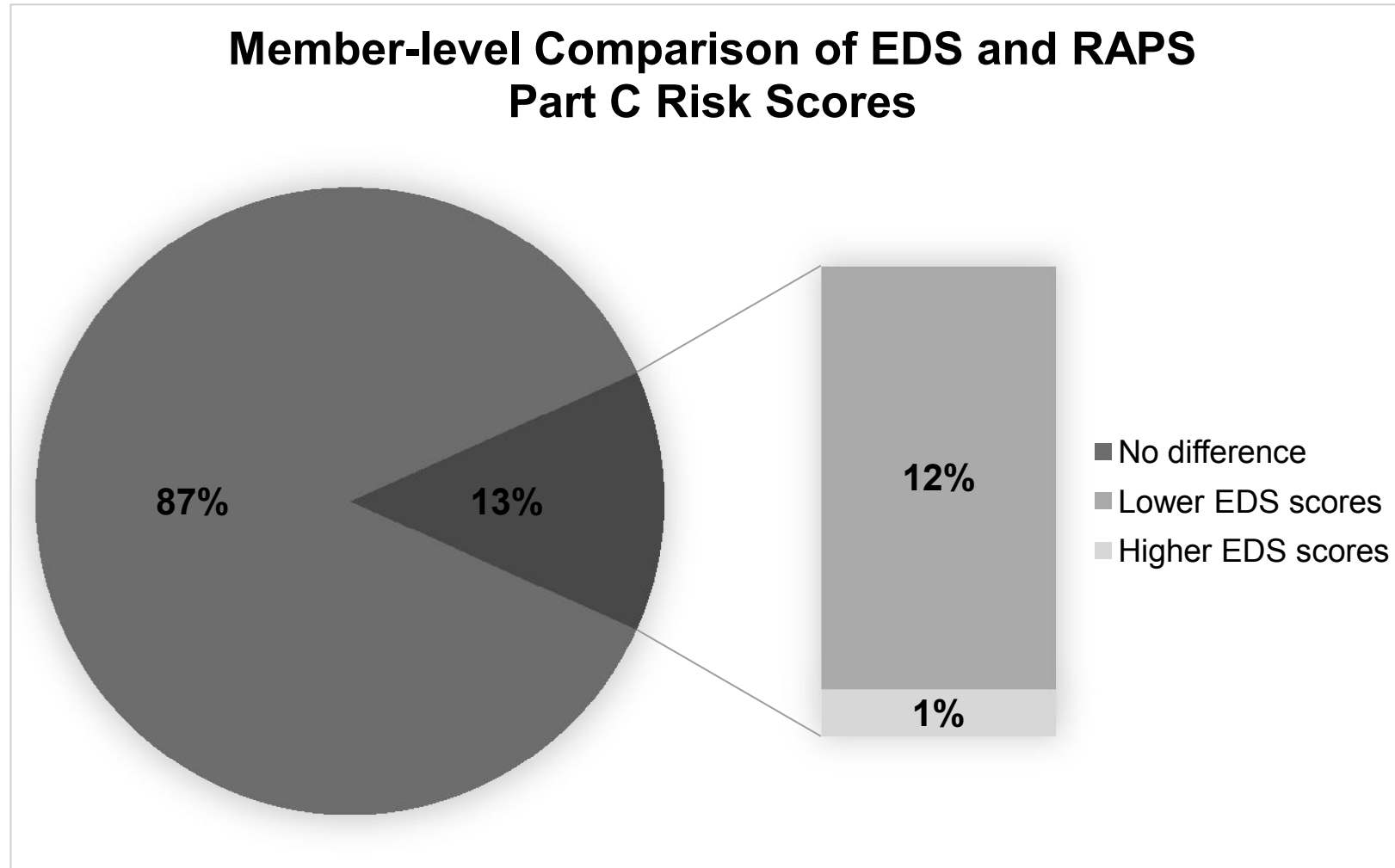
Revenue Example



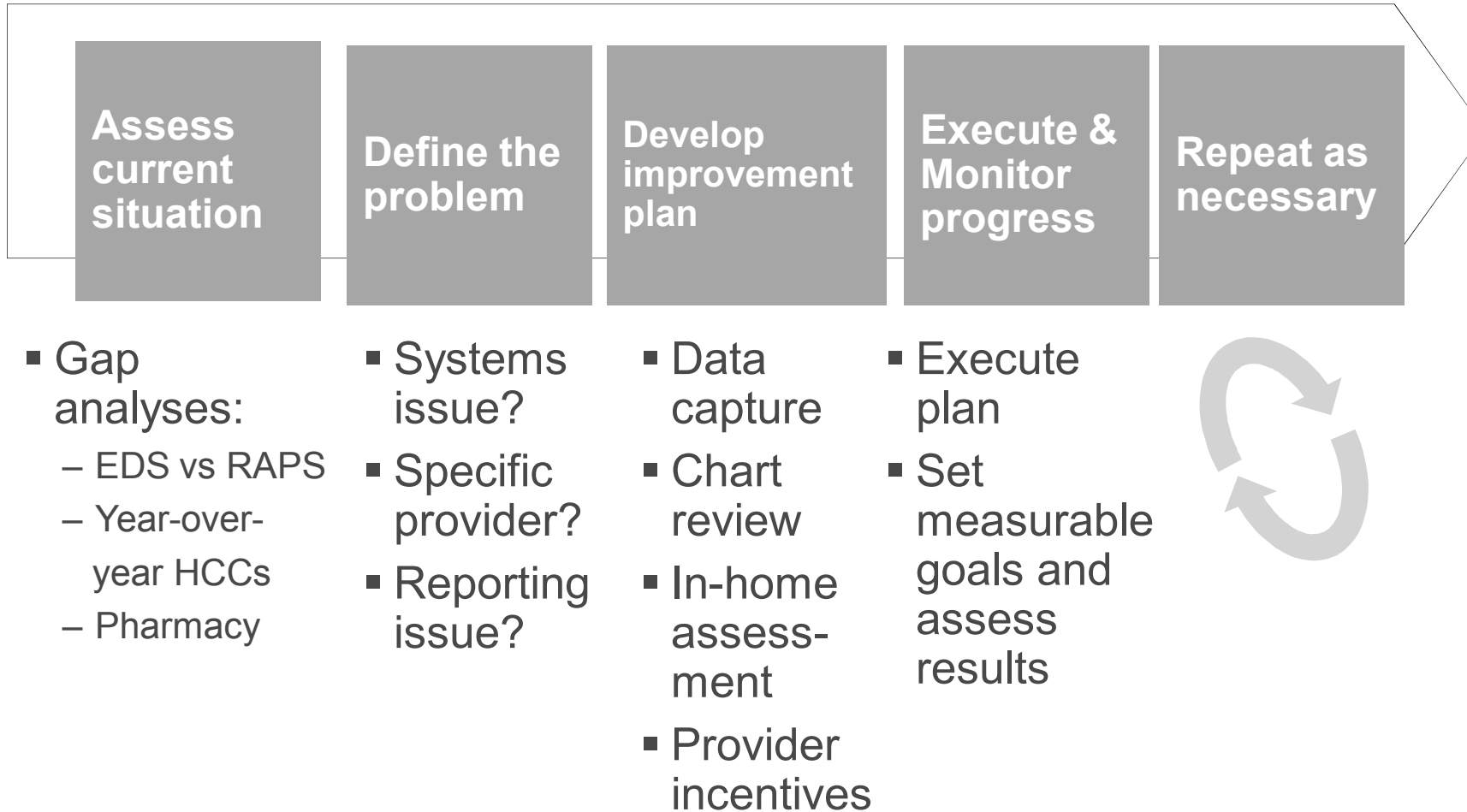
Revenue Example: 50,000 Member Plan



RAPS / EDS Study Results *(continued)*



How to Improve Your Risk Score



Plan Score Card

Fair

- Have you measured your current PY 2016 EDS risk scores?
- Do you have a plan for measuring PY 2017 EDS risk scores (based on submissions through March)?

Good

- Have you specified a goal for EDS risk scores and developed a plan to meet that goal?
- Are your provider coding standards consistent with Medicare FFS and the EDS filters?

Great

- Do your EDS submissions capture all diagnosis sources (e.g. claims, encounters, chart reviews)?
- Have you audited your EDS and RAPS processes for consistency with source systems?



Thank you

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