TAG Meeting with Carriers

State Alternate Risk Adjustment Methodology
New Data Elements

January 8, 2013
Agenda

• Introductions
• Overview- Massachusetts Risk Adjustment
• Discussion of New Data Elements for RA
• Questions
Massachusetts Risk Adjustment

Why Pursue An Alternate Methodology?

• Appropriately customize the methodology to fit with unique aspects of the Commonwealth (e.g., merged market, state wrap for eligible individuals)

• Calibrate the Risk Adjustment models to the specific experience of the Massachusetts individual and small group market

• Leverage existing APCD infrastructure and maximize administrative simplicity
Massachusetts Risk Adjustment

• **Key Features**
  - Models have similar analytical framework as the HHS HCC models
  - Reflective of the State’s risk adjustment experience and other healthcare reform initiatives in the Commonwealth

• Using data from Massachusetts
  - APCD individual and small group member and claims data
    » Calendar Year 2010 for model calibration
    » 7/2011-6/2012 for model validation
  - CommCare & Bridge FY2010 and FY2011
    » Claims were repriced to be consistent with commercial rates in Massachusetts
  - Marketscan New England Calendar Year 2010

• **Partial-year eligibility adjustment to improve predictive accuracy**
  - Based on risk adjustment experience in the CommCare and MassHealth programs

• More expansive set of condition categories
Data Elements for APCD to Support Risk Adjustment

- As specified in CHIA Administrative Bulletin – November 8, 2012

- ME 072 – Family Size
- ME 119 – Tobacco Use Flag
- ME 120 – Actuarial Value
- ME 121 – Metal Level
- ME 123 – Monthly Premium
- ME 078 – Employer Zip Code
ME 072 – Family Size

- Integer
- A2 at 100%
ME 119 – Tobacco Use Flag

• No longer required based on HHS notice
• This will transition to a “Filler” field for potential future use
• Do not report any value in the field
ME 120 - Actuarial Value ("AV")

- Generated by HHS AV Calculator
- Typically from actuarial/underwriting
ME 121- Metal Level

- Integer to indicate gold, silver or bronze
- Based on AV calculations
ME 123- Monthly Premium

• Members expected monthly premium
• Reported on all lines of eligibility, regardless of relationship
ME078- Employer Zip Code

- Zip Code of the Subscriber’s Employer
- A2 at 90%
Out of State Claims

• Member eligibility and claims for out of state residents
Carve Outs

• Would like to survey plans about what services are carved out.
  – Input on preferred method of contact
    Online survey versus phone call?
Timing

- HHS providing 4-month run out
- MA presently contemplating 3-month run out.
- If MA moved to a 4-month run out, could carriers provide data during first week of Month 5?

12/31
End of Observation Period

3/31
End of Run Out

4/30
APCD Submission Deadline

4/30
End of Run Out

5/14
APCD Submission Deadline
Questions?
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