**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
* 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?

Slide includes a graph showing the end of the end of the observation period on December 31, the end of the three-month run out on March 31 and the subsequent APCD submission deadline on April 30. The graph also shows a timeline that includes a potential end to the run out on April 30 if a four-month option was adopted. In this scenario the APCD submission deadline would be pushed back until May 14.

**Questions?**

**Freedman Healthcare**

* Latha Rao, Project Manager

lrao@freedman.com

* Linda Green, Vice President –Programs
  + lgreen@freedman.com