

Implementation Sites: Key Facts

Minnesota: Buyers Health Care Action Group

PURCHASER: Buyers Health Care Action Group (BHCAG). BHCAG is a coalition of large, self-insured employers who offer employees a choice of more than 15 provider care systems in the metropolitan area of Minneapolis-St. Paul, Minnesota. BHCAG has been operating since 1994.

PRODUCT: Choice Plus is a self-funded product currently covering more than 170,000 enrollees.

DATE that health-based risk adjustment first implemented (payment adjusted): 1997 at the same time that direct contracting with providers was implemented.

PREVIOUS METHOD OF PAYMENT: fee-for-service

SIMULATION: Yes, for relative risk scores only. Each care system saw its own results and the blinded results of other care systems.

	Year One	Current Year	Projected for Next Year
Groups Covered: SSI, Disabled TANF Dually Eligible, 65 and older Employees, dependents Retirees Other (describe)	X some early	X some early	X some early
Number of participating plans	1	1	1
Number of covered lives	100,000	140,000	Don't know
Phase-in of Payment Adjustment			
a. Percent of payment based on health-based risk adjustment	100%	100%	100%
b. Transitional risk corridors	corridors –not transitional, relate to maximum change in unleveraged reimbursement per quarter	corridors –not transitional, relate to maximum change in unleveraged reimbursement per quarter	corridors –not transitional, same as current year with additional option of fixed fee for the year
c. Reporting adjuster for encounter data completeness	No	No	No
Risk assessment method:			
a. Diagnosis Grouper (name)	ACG	ACG	ACG
b. Type of prediction model	Concurrent	Concurrent	Concurrent
Basis of future payment to the plans: plan level risk score or based on the specific individuals who are enrolled at the time of payment	Plan	Plan	Plan

Relative value weights a. Source of weights (local or imported) b. Type of data used for weights c. Time frame of the data used for weights	Local FFS Uncertain 1995?	Local FFS 1998 and 1999—as separate observations	Local FFS 1999 and 2000—as separate observations
d. Size of population used to establish weights	Unknown	3,000,000 member months	3,000,000 member months
e. Truncating outlier costs	Unknown	Yes	Yes
Risk adjustment time frames: a. minimum enrollment before being included in the risk adjustment calculation	Unknown	No minimum	No minimum
b. minimum lag between the date the diagnosis was assigned and the date payment was adjusted based on that diagnosis	3 months	6 months	6 months
c. Frequency for updating risk scores	Quarterly	Quarterly	Quarterly
Risk sharing after any phase-in period a. Risk corridors	Yes	Yes	Yes
b. Stop loss	Yes	Yes	Yes
Carve-outs from risk adjustment model: a. Service categories, e.g., mental health, prenatal care	None	None	None
b. Populations with defined conditions, e.g., beneficiaries with HIV/AIDS	None	None	None
Encounter data collected from the MCOs for health-based risk adjustment a. Diagnosis codes	yes from claims	yes from claims	yes from claims
b. Procedure codes	yes from claims	yes from claims	yes from claims
c. Charges	yes from claims	yes from claims	yes from claims
d. Identification of the treating provider	yes from claims	yes from claims	yes from claims
Number of plan's risk scores that were affected by missing data from their providers	N/A	N/A	N/A
Number of plan's risk scores that were affected by the plan's data system limiting the number of diagnoses per encounter	N/A	N/A	N/A
Data audits: a. Audits using encounter data			
b. Audits using medical records	No	No	No

ADDITIONAL INFORMATION:

Knutson, David, "Case Study: The Minneapolis Buyers Health Care Action Group." Inquiry 35 (1998): 171-177.