

Implementation Site: Key Facts

Medicare + Choice

PURCHASER: Centers for Medicare and Medicaid Services (CMS) formerly the Health Care Financing Administration)

PRODUCT: Medicare + Choice, voluntary managed care program for Medicare beneficiaries. Implemented health-based risk adjustment (HBRA) on 1/1/00.

DATE: January 1, 2000

PREVIOUS METHOD OF PAYMENT: Capitation with demographic risk adjustment

SIMULATION: A simulation was conducted to examine MCO relative risk score only. Results were released to the plans who saw their own scores and the national average.

	Year One	Current Year	Projected for Next Year
Groups Covered: SSI, Disabled TANF Dually Eligible, 65 and older Employees, dependents Retirees Other (describe)	M + C Enrollees	M + C Enrollees	M + C Enrollees
Number of participating plans	260	180	
Number of covered lives	6,000,000	5,600,000	
Phase-in of Payment Adjustment			
a. Percent of payment based on health-based risk adjustment	10%	10%	10%
b. Transitional risk corridors	No	No	No
c. Reporting adjuster for encounter data completeness	No	No	No
Risk assessment method:			
a. Diagnosis Grouper (name)	PIP-DCG	PIP-DCG	PIP-DCG
b. Type of prediction model	Prospective	Prospective	Prospective
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	Individual	Individual	Individual
Relative value weights			
a. Source of weights (local or imported)	Local	Local	Local
b. Type of data used for weights	FFS	FFs	FFS
c. Time frame of the data used for weights			
d. Size of population used to establish weights	100% Medicare	100% Medicare	100% Medicare
e. Truncating outlier costs	No	No	No

Risk adjustment time frames: a. minimum enrollment before being included in the risk adjustment calculation b. minimum lag between the date the diagnosis was assigned and the date payment was adjusted based on that diagnosis c. Frequency for updating risk scores	0 6 months Annually	0 6 months Annually	0 6 months Annually
Risk sharing after any phase-in period a. Risk corridors b. Stop loss	Does Not Apply Does Not Apply	Does Not Apply Does Not Apply	Does Not Apply Does Not Apply
Carve-outs from risk adjustment model: a. Service categories, e.g., mental health, prenatal care b. Populations with defined conditions, e.g., beneficiaries with HIV/AIDS?	ESRD Enrollees	ESRD Enrollees	ESRD Enrollees
Encounter data collected from the MCOs for health-based risk adjustment a. Diagnosis codes b. Procedure codes c. Charges d. Identification of the treating provider	Yes Yes No Yes	Yes Yes Yes Yes	Yes Yes Yes Yes
Number of plan's risk scores that were affected by missing data from their providers	35 plans Don't know	Don't know	Don't know
Number of plan's risk scores that were affected by the plan's data system limiting the number of diagnoses per encounter	0	0	0
Data audits: a. Audits using encounter data b. Audits using medical records	No Yes	No Yes	No Yes

ADDITIONAL INFORMATION: <http://www.hcfa.gov/medicare/mgdcar1.htm>