

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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From: Center for Consumer Information & Insurance Oversight (CCIIO),
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Title: EDGE Server Data Bulletin – INFORMATION

Subject: Evaluation of EDGE Data Submissions for 2015 Benefit Year for
Interim Reinsurance Payments and Interim Risk Adjustment
Summary Report

I. Purpose

This bulletin provides guidance on the operational processes that the Centers for Medicare & Medicaid Services (CMS) will use to evaluate issuers' EDGE server data for the 2015 benefit year for the release of interim reinsurance payments¹ and interim risk adjustment summary reports.² This analysis will help CMS determine whether an issuer has provided access to EDGE server data that is sufficient for CMS to calculate interim reinsurance payments and release an interim risk adjustment summary report in a specific State and market.

II. Background

The integrity of payments and charges under the HHS-operated risk adjustment program and payments under the reinsurance program depend upon the data submitted by issuers to their EDGE servers. For example, risk adjustment data submissions for one issuer can materially affect the risk adjustment transfers for all other issuers in a market within a State.

In this bulletin, we describe how CMS intends to evaluate the sufficiency of data in terms of the quantity and quality of the data made accessible on an issuer's EDGE server for the 2015 benefit year in order to make interim reinsurance payments and release interim summary risk adjustment reports.

¹ <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/Early-Reinsurance-Guidance-Final-10-09-15.pdf>

² See FAQ 14572, available at: <https://www.regtap.info/>

III. Description of Interim Evaluation Process for Data Quantity³

CMS will evaluate the enrollment and claims data that issuers make accessible on their EDGE servers, and notify an issuer failing to meet expected data quantity thresholds based on issuers' previously submitted baseline enrollment and claims counts. To determine if an issuer meets the data quantity standards, CMS compares an issuer's self-reported baseline data on its total enrollment and claims counts by market for a given benefit year to the issuer's data submitted and accepted to its EDGE server. For the 2015 benefit year interim evaluation process, CMS will use a 90% enrollment and 90% claims data threshold for an issuer to be flagged for outreach on potential data quantity issues.

Interim Reinsurance Quantity Evaluation – For all the quantity evaluations set forth below, issuers of reinsurance-eligible plans with a low enrollment count or low claims count (that is less than 90% for either) will be notified of potential implications of failing to submit all of their data by the data submission deadlines (i.e., forfeiture of interim reinsurance payments⁴), but will still be moved through the data quality analysis process. If the issuer is not identified as an outlier pursuant to the reinsurance quality metrics under Section IV of this guidance, then the reinsurance issuer will receive interim reinsurance payments for the eligible claims that were submitted and accepted by its EDGE server.

Interim Quantity Evaluation – January 9, 2016

- ***Risk Adjustment*** – After the data submission deadline of January 8, 2016,⁵ an issuer of a risk adjustment covered plan with a low enrollment count (that is, less than 90%) or low claims count (that is, less than 90%) for the first three quarters of the 2015 benefit year will receive a letter notifying the issuer of the potential implications of failing to meet the data quantity threshold. Potential implications include an assessment of the default risk adjustment charge.⁶

Interim Quantity Evaluation – February 2, 2016

- ***Risk Adjustment*** – An issuer of a risk adjustment covered plan with a low enrollment count (that is, less than 90%) or low claims count (that is less than 90%) for the first three quarters of the 2015 benefit year as of February 2, 2016, will receive a letter notifying the issuer of the potential implications of failing to meet the data quantity threshold and will not be moved through the data quality evaluation process. If such issuer (or set of issuers) exceeds 0.05% of the market share, CMS will not issue a risk adjustment interim summary report for that State and market for the 2015 benefit year as this State and market would not be deemed

³ CMS anticipates issuing guidance on the on-going and final evaluation processes for data quantity after consideration of comments on the related proposals in the HHS Notice of Benefits and Payment Parameters for 2017 (2017 Payment Notice) Proposed Rule (80 FR 75488) and publication of the 2017 Payment Notice Final Rule.

⁴ Issuers of reinsurance-eligible plans who do not receive interim reinsurance payments can update or correct the 2015 benefit year data on their respective EDGE servers before the May 2, 2016 final data submission deadline for consideration for final reinsurance payments.

⁵ The January 8, 2016 data submission deadline is for an issuer to submit to production 90% of their enrollment and claims records for the first three quarters of the 2015 benefit year.

⁶ See 45 CFR 153.740(b).

credible. As a result, CMS would only issue a final risk adjustment summary report on June 30, 2016 in those States and market(s).

While formal responses to CMS are not required, an issuer that receives a notice regarding low enrollment or claims counts during any of the above steps in the Quantity Evaluation process can update or correct the data on their EDGE servers (as may be necessary) at any time prior to the May 2, 2016 final data submission deadline for 2015 benefit year data. In addition, if an issuer's previously submitted baseline enrollment or claims data is incorrect, the issuer should resubmit their baseline report as soon as possible. See Section VI, How to Notify CMS of Changes to Baseline Enrollment Data, for more information on the process for updating previously submitted baseline enrollment and claims data.

IV. Description of Interim Evaluation Process for Data Quality/Sufficiency⁷

CMS will assess issuers' data quality/sufficiency using 11 metrics which assess quality in risk adjustment data, reinsurance data, and EDGE claims and enrollment data, as follows:

Data Quality/Sufficiency Evaluation Metrics

Key Metrics	Area
Percent of all enrollees with at least one Hierarchical Condition Category (HCC)	Risk Adjustment
Average number of conditions per enrollee with at least one HCC	
Issuer average risk score	
Average number of diagnosis codes per medical claim	
Average premium per member per month	
Percent of individual market enrollees with reinsurance payments	Reinsurance
Average reinsurance payment per enrollee receiving reinsurance payment	
Claims per enrollee ratio	EDGE Claims/Enrollment
Percent of enrollees without claims	
Percent of medical claims that are institutional claims	
Percent of claims that are pharmacy claims	

CMS will identify outliers for each metric using the following process:

- Issuers, by market, will be divided into two groups: issuers with 10,000 enrollees or more, and issuers with fewer than 10,000 enrollees.
- A national distribution, for each market, will be created for each of the two groups, for each of the 11 metrics.

⁷ CMS anticipates issuing guidance on the on-going and final evaluation processes for data quality/sufficiency after consideration of comments on the related proposals in the HHS Notice of Benefits and Payment Parameters for 2017 (2017 Payment Notice) Proposed Rule (80 FR 75488) and publication of the 2017 Payment Notice Final Rule.

- An internal technical committee composed of actuaries, risk adjustment experts, and reinsurance experts will establish outlier thresholds for those distributions.

Interim Quality Evaluation – January 9, 2016

- *Risk Adjustment* – Following the January 8, 2016, EDGE data submission deadline, CMS will not complete a data quality evaluation for risk adjustment.
- *Reinsurance* – Following the January 8, 2016, EDGE data submission deadline, CMS' technical committee will review issuers' reinsurance data made accessible for the issuer's EDGE server for interim reinsurance payments. If CMS identifies an issuer to be an outlier in either of the two reinsurance metrics, CMS will notify the issuer by letter to CEO designates on January 20, 2016. To remain eligible for interim reinsurance payments, issuers notified as outliers must do one of the following:
 - o Update or correct the reinsurance data on their EDGE servers by February 1, 2016, if the outlier indicates a legitimate data error;
 - o Submit corrected baseline enrollment or claims data; or
 - o Provide CMS a suitable justification for the relevant data anomalies by emailing EdgeDataReply@cms.hhs.gov no later than February 10, 2016. Justifications should include relevant detail and actuarial data as necessary to clearly explain the issuer's case with respect to the metrics in which the issuer was identified as an outlier. CMS recommends early submission of explanations to allow time for additional clarifications or revised explanations.

Interim Quality Evaluation – February 2, 2016

- *Risk Adjustment* – Following the February 2, 2016 interim risk adjustment run, CMS' technical committee will review if an issuer's data submission is identified as an outlier. If the issuer's data fails the outlier analysis for any of the nine metrics in risk adjustment or EDGE claims/enrollment data, CMS will notify issuers by letter to CEO designates on February 12, 2016.
 - o The issuer must provide either a verbal justification to a member of the CMS technical committee or a written justification by emailing EdgeDataReply@cms.hhs.gov regarding the data anomaly with respect to the metrics for which it is an outlier. The internal technical committee will assess each issuer's explanation, and will provide feedback to the issuer. CMS recommends early submission of justifications to allow time for clarifications or revisions.
 - o If an issuer fails to provide an acceptable justification by February 26, 2016, CMS will identify this issuer as an outlier and CMS will not provide an interim risk adjustment summary report for that State and market if an issuer representing 0.05% of the market share (or set of issuers in a State and market representing 0.05% of the market share) does not pass the quantity thresholds and quality metrics set forth above.
- *Reinsurance* – Following the February 2, 2016 interim reinsurance run, CMS' technical committee will conduct a final review of issuers' reinsurance data made accessible for the issuer's EDGE server for interim reinsurance payments. Issuers that pass the final quality/sufficiency review are eligible to receive interim reinsurance payments in March 2016 for the eligible claims submitted and accepted to its EDGE server.

- o If CMS identifies an issuer to be an outlier in either of the two reinsurance metrics as part of this review, CMS will notify issuers by letter to CEO designates on February 12, 2016.
- o Even if identified as an outlier, issuers can remain eligible for interim reinsurance payments for the eligible claims submitted and accepted to its EDGE server if they provide to CMS an acceptable justification for the relevant data anomalies by emailing EdgeDataReply@cms.hhs.gov no later than February 26, 2016. Justifications should include relevant detail and actuarial data as necessary to clearly explain the issuer's case with respect to the metrics in which the issuer was identified an outlier. CMS recommends early submission of justifications to allow time for clarifications or revisions.
- o If the issuer's justification is accepted by CMS, the issuer will receive notice of the interim reinsurance payments in March 2016, with payments released in April 2016. Issuers identified as outliers who do not submit acceptable justifications will not receive interim reinsurance payments.⁸

V. Schedule of Steps in the Evaluation Process for Data Quantity and Quality/Sufficiency

DATES	STEP IN PROCESS	DESCRIPTION
January 19, 2016	Interim Quantity Evaluation – January 9, 2016	Notification of EDGE Data Quantity Status: CMS notifies issuers with low enrollment and/or low claims counts of reinsurance and risk adjustment data stored on the EDGE server as of January 8, 2016.
January 20, 2016	Interim Quality Evaluation – January 9, 2016	First Interim Reinsurance Quality Evaluation Outlier Notification: CMS contacts issuers identified as potential outliers for interim reinsurance payments based on analysis of reinsurance data on issuer's EDGE server as of January 8, 2016.
February 1, 2016	Data resubmission for First Interim Reinsurance Quality Evaluation Outlier Notification	Issuers notified as outliers on January 20, 2016 must update their data by 5 p.m. on February 1, 2016, if the identified outlier indicates a legitimate data error.

⁸ Issuers of reinsurance-eligible plans who do not submit acceptable justifications by the noted deadline will not receive interim reinsurance payments. However, these issuers can update or correct the 2015 benefit year data on their respective EDGE servers before the May 2, 2016 final data submission deadline for consideration for final reinsurance payments.

DATES	STEP IN PROCESS	DESCRIPTION
February 10, 2016	Interim Quality Evaluation – January 9, 2016	Response due to First Interim Reinsurance Quality Evaluation Outlier Notification: Issuers notified as outliers on January 20, 2016 must submit justification of reinsurance data anomalies by February 10, 2016.
February 12, 2016	Interim Quantity Evaluation – February 2, 2016	Notification of EDGE Data Quantity Status: CMS notifies issuers with low enrollment and/or low claims counts of reinsurance and risk adjustment data stored on the EDGE server as of February 1, 2016.
February 12, 2016	Interim Quality Evaluation – February 2, 2016	Second Interim Reinsurance Quality Evaluation Outlier Notification: CMS contacts issuers identified as potential outliers for interim reinsurance payments based on analysis of reinsurance data on issuer’s EDGE server as of February 1, 2016. Interim Risk Adjustment Quality Evaluation Outlier Notification: CMS contacts issuers identified as potential outliers based on analysis of risk adjustment data on issuer’s EDGE server as of February 1, 2016.
February 26, 2016	Interim Quality Evaluation – February 2, 2016	Response due to Second Interim Reinsurance Quality Evaluation Outlier Notification: Issuers notified as outliers on February 12 must submit justification of data anomalies by February 26, 2016. <i>Issuers identified as an outlier without acceptable justifications will not receive the interim reinsurance payment(s).</i> ⁹ Response due to Interim Risk Adjustment Quality Evaluation Outlier Notification: Issuers notified as outliers on February 12 must submit explanation or justification of data anomalies by February 26, 2016. <i>Interim risk adjustment summary reports in a State(s) and market(s) that lack issuer(s) with sufficiently credible data will not be released.</i>

⁹ Issuers of reinsurance-eligible plans who do not receive interim reinsurance payments can update or correct the 2015 benefit year data on their respective EDGE servers before the May 2, 2016 final data submission deadline for consideration for final reinsurance payments.

DATES	STEP IN PROCESS	DESCRIPTION
Mid-March, 2016	Notification of interim reinsurance payments ¹⁰ and release of interim risk adjustment summary report, if any ¹¹	CMS notifies issuers receiving interim reinsurance payments (with payments made in April) and releases interim risk adjustment summary report for States and markets that have sufficiently credible data.

VI. How to Notify CMS of Changes to Baseline Enrollment Data

An issuer that believes its baseline data is not accurate should complete the Baseline Reporting Process as soon as possible after identifying the error or problem. Baselines can be entered online or uploaded as a .CSV file. The web-based form is available at <https://acapaymentoperations.secure.force.com/BaselineReporting>. If you do not have the Baseline guidance materials, please contact your Financial Management (FM) Service Representative at ffm.app.maint.EDGE@accenturefederal.com for materials to assist in completing the Baseline reporting process, including a Guidance document, File Layout, Job Aid, and Job Aid Manual.

The issuer will receive a Multiple Response warning message when resubmitting its baseline data and will have the option to enter a brief explanation for the resubmission. The explanation field is optional, but we encourage issuers to provide an explanation as it can help CMS understand the issues (if any) you are experiencing loading data to your EDGE server.

Please contact your FM Service Representative at fmcc@cms.hhs.gov if you have questions about how to submit baseline updates.

¹⁰ <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/Early-Reinsurance-Guidance-Final-10-09-15.pdf>

¹¹ See FAQ 14572, available at: <https://www.regtap.info/>.