HHS Risk Adjustment Data Validation (HHS-RADV): Timing of 2017 Benefit Year HHS-RADV Collections, Payments, and Reporting

July 11, 2019

HHS-RADV Webinar

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Overview

- 2017 Benefit Year HHS-RADV Background
- Timeline for Collection, Payment and Reporting of 2017 Benefit Year HHS-RADV Adjustments
- Impact on Rate Setting
- Impact on Medical Loss Ratio (MLR) Reporting
- Pilot for Massachusetts Issuers
- 2017 Benefit Year HHS-RADV Discrepancy Reporting and Appeals
- Next Steps
- Question and Answer (Q&A)

Session Guidelines

- This is a 60-minute webinar session
- For questions related to content, please contact the RADV team at CCIIOACARADataValidation@cms.hhs.gov
- For questions regarding logistics and registration, please contact the Registrar at: (800) 257-9520

Intended Audience

- Issuers subject to the HHS-RADV Audit requirements under 45 CFR 153.630
- State Departments of Insurance (DOIs) and State Regulators

Session Purpose

- The purpose of this session is to clarify the timing of 2017 benefit year HHS-RADV adjustments to 2018 benefit year RA transfers, collections, payment, and reporting for issuers and other entities

2017 Benefit Year
HHS-RADV Background

Background

- The 2017 benefit year of HHS-RADV is the first non-pilot year where CMS will be applying error rates and adjusting issuers' risk scores and risk adjustment (RA) transfers
- The Centers for Medicare & Medicaid Services (CMS) revised the HHS-RADV methodology in the HHS Notice of Benefit and Payment Parameters for 2019 (83 FR 16930) (April 17, 2018) (2019 Payment Notice) to only adjust risk scores when an issuer's error rate materially deviates from national benchmarks

2020 Payment Notice Policies

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2020 Payment Notice

- In the 2020 Payment Notice, CMS finalized a policy delaying the reporting, collection, and payment of the adjustments to 2018 RA transfers, default data validation charges (DDVCs), and allocations resulting from the 2017 benefit year HHS-RADV
- The purpose of that policy is to:
  - Relieve issuers of the task of attempting to estimate these adjustments, with the goal of reducing pricing uncertainty that could result in increased premiums
  - Provide States and issuers with more options to account for HHS-RADV impacts in rates

Timeline for Collection, Payment, and Reporting of 2017 Benefit Year HHS-RADV Adjustments to 2018 RA Transfers

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Detailed 2017 Benefit Year HHS-RADV Timeline for Reporting, Payment, and Collections of RA Transfer Adjustments Due to HHS-RADV

- **May 31, 2019**
  - CMS released the 2017 benefit year HHS-RADV error rates to issuers
- **June 28, 2019**
  - CMS published the 2018 benefit year RA transfer results; however, these results do not reflect adjustments based on 2017 HHS-RADV results
- **July 31, 2019**
  - 2018 benefit year MLR Reporting Deadline
- **August 1, 2019**
  - CMS will publish 2017 benefit year HHS-RADV adjustments to RA transfers and DDVCs
- **2021**
  - CMS will collect and pay 2017 benefit year HHS-RADV adjustments to 2018 benefit year RA transfers, as well as DDVCs

Detailed 2017 Benefit Year HHS-RADV Timeline for Reporting, Payment, and Collections of RA Transfer Adjustments Due to HHS-RADV (continued)

- **Unified Rate Review Template (URRT)**
  - CMS updated the 2020 benefit year URRT instructions so that issuers and states have options to account for 2018 benefit year HHS-RADV adjustments in rate setting
- **Medical Loss Ratio (MLR)**
  - CMS updated the MLR Form Instructions to clarify that 2018 benefit year MLR reports will only reflect 2018 RA transfer report results; 2017 RADV adjustments will be reported in the 2021 MLR reporting year

- CMS anticipates adhering to a similar timeline in future years for the collection and payment of HHS-RADV adjustments to RA transfers (along with DDVCs and allocations)

Timeline for Reporting, Payment, and Collections of RA Transfer Adjustments Due to HHS-RADV in Future Benefit Years

- In future years, CMS anticipates RA transfers without HHS-RADV adjustments would be reported by June 30th of the year after the applicable benefit year
- For future benefit years, issuers would report those amounts in their MLR reporting for the MLR reporting year that is three (3) years after the applicable RA benefit year, or as instructed by CMS
  - For example, by July 31, 2023, issuers will report 2018 benefit year RADV adjustments to 2019 RA transfers in their MLR reporting for the 2022 benefit year
- The preliminary HHS-RADV adjustments that could impact RA transfers, along with information on DDVCs and allocations for the applicable benefit year, would be announced after the June 30th report is published
- In general, we would collect and disburse HHS-RADV adjustments, DDVCs, and allocations two (2) years after the announcement, unless otherwise specified through rulemaking or guidance

Timeline for Reporting, Payment, and Collections of RA Transfer Adjustments Due to HHS-RADV in Future Benefit Years (continued)

- Issuers would be instructed to reflect final adjustment amounts, DDVCs, and allocations in the MLR reporting year in which collections and payments of those amounts occur, and **would be permitted to reflect those amounts in rate setting for that same benefit year**
  - For example, 2018 benefit year HHS-RADV adjustments to 2019 RA transfers and DDVCs and allocations would be collected and paid in 2022
  - Issuers could account for the impacts of those amounts in rate setting for the 2022 benefit year and issuers would report the adjustments, DDVCs, and allocations in the 2022 benefit year MLR reporting year

Impact on Rate Setting

URRT Instructions

- In addition to the expected RA transfer amount for the projection period, the RA payment or charge amount entered in Worksheet 1, Row 44 of the URRT may also account for HHS-RADV, including DDVCs and allocations, to the extent a State allows
- A State may allow issuers to consider payments and charges related to HHS-RADV adjustments, including DDVCs and allocations, for the time period those payments and charges are collected and paid
  - e.g., 2017 benefit year RADV adjustments to 2018 RA transfers and DDVCs will be collected and distributed in the 2021 calendar year
- Including HHS-RADV adjustments in the RA transfer amount will impact the market-wide adjusted index rate and an issuer's rates for the proposed effective date of the rate filing

Impact on MLR Reporting

MLR Form Instructions

- CMS updated the Medical Loss Ratio Form Instructions to provide guidance to issuers, consistent with § 153.710(g)(2) and (3), regarding the reporting of HHS-RADV adjustments for MLR reporting purposes
- The guidance instructs issuers to report HHS-RADV adjustments and DDVCs and allocations in the same MLR reporting year as the year when these amounts are collected and disbursed
  - For example, the 2017 benefit year HHS-RADV adjustments to 2018 RA transfers and DDVCs and allocations would be reported in the 2021 MLR reporting year

MLR Form Instructions (continued)

- Part 2, Line 1.10, Column 3/31 [2018 data] – Federal Risk Adjustment Program Net Receipts or Charges
  - Include expected net payments from HHS (enter as a positive amount) or charges payable to HHS (enter as a negative amount), as shown on the notification received from HHS by June 30 of the year following the MLR reporting year (unless instructed otherwise by HHS), including any risk adjustment default charges or default charge allocation amounts, and including any amounts related to the high-cost risk pools
  - Do not include the 2017 benefit year HHS-RADV adjustments or the 2017 benefit year DDVCs and allocations or any estimates of these amounts: these amounts must be reported on the MLR Form for the reporting year in which these adjustments are collected and disbursed (the 2021 MLR Form)
  - Similarly, do not include any estimates of the 2018 benefit year HHS-RADV adjustments or 2018 benefit year DDVCs and allocations

MLR Form Instructions (continued)

- Part 3, Line 1.6, Column PY1 [2017 data] – Net Federal Risk Adjustment Program payments or charges
  - Restate [2017 MLR Form] amounts to reflect any changes or updates to transfer amounts for the 2017 benefit year that occurred after June 30, 2018, including any changes communicated by HHS after the filing of the 2017 MLR Form
  - If the issuer received a higher transfer amount than was communicated by HHS, include such higher amount
  - Do not include the 2017 benefit year HHS-RADV adjustments or DDVCs, and allocations or any estimates of these amounts: these amounts must be reported on the 2021 MLR Form

Massachusetts Issuers

Massachusetts Issuers

- CMS will operate the 2017 benefit year HHS-RADV as a pilot year for Massachusetts issuers and, as such, there will be no adjustments to plan liability risk scores (PLRSs) or RA transfers in Massachusetts based on the 2017 HHS-RADV
  - Massachusetts issuers are in a unique situation with regard to HHS-RADV for the 2017 benefit year, since the 2017 benefit year was the first year in which Massachusetts participated in the HHS-operated RA program and submitted data to External Data Gathering Environment (EDGE) servers, and no Massachusetts issuers had an opportunity to participate in the pilot years of HHS-RADV

2017 Benefit Year HHS-RADV Discrepancy Reporting and Appeals

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2017 HHS-RADV Discrepancies and Appeals

- This reporting, payment, and collections timeline will also allow more time for HHS to work to resolve any HHS-RADV discrepancies and appeals prior to the transfer of funds related to such adjustments
  - As a reminder, in light of the budget neutral nature of the HHS-RADV program, adjustments made in the event of a successful appeal could result in additional charges being assessed or a decrease to payment amounts previously calculated to balance the state market risk pool
  - Issuers are not permitted to appeal the resolution of any interim discrepancy disputing the IVA sample, or to file a discrepancy or appeal the results of the IVA
  - If sufficient pairwise means agreement is achieved, the IVA findings will be used for purposes of the risk score error rate calculation, and therefore, those issuers will only be permitted to file a discrepancy or appeal the risk score error rate calculation

2017 HHS-RADV Discrepancies and Appeals (continued)

- CMS announced changes to the risk adjustment holdback policy on May 31, 2019
- Beginning with the 2018 benefit year, CMS will release the sequestered amounts without regard to any pending appeals and make any necessary post-calculation adjustments in the event an appeal is successful
- The policy can be accessed by utilizing the weblink above or by visiting: https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Change-to-Risk-Adjustment-Holdback-Policy-for-the-2018-Benefit-Year-and-Beyond.pdf

Next Steps

Next Steps

- 2018 MLR reporting form Q&A calls with issuers are held every Wednesday, 1:00 – 2:00 p.m. Eastern Time (ET), starting June 19, 2019 and ending July 31, 2019
  - Phone
    - 1-877-267-1577
    - Meeting Number: 992 428 580 #
  - Webinar with Chat https://meetings.cms.gov/orion/joinmeeting.do?MTID=34a2c02a687680b081a12b19b690e1ba

Next Steps

- HHS-RADV Stakeholder Engagement Sessions will be held on the following Wednesdays from 3:00 p.m. – 4:00 p.m. ET
  - July 17, 2019
  - August 14, 2019
  - August 28, 2019
    - In-person and remote registration for the Stakeholder Engagement Sessions is open in the Registration for Technical Assistance Portal (REGTAP)
    - Registration for in-person sessions will close on the Friday prior to the event at 3:00 p.m. ET and registration for remote sessions will close 24 hours prior to the sessions

Q&A

- To submit or withdraw questions by phone
  - Dial “star(*), pound (#)” on your phone’s keypad to ask a question
    - Dial “star(*), pound (#)” on your phone’s keypad to withdraw your question



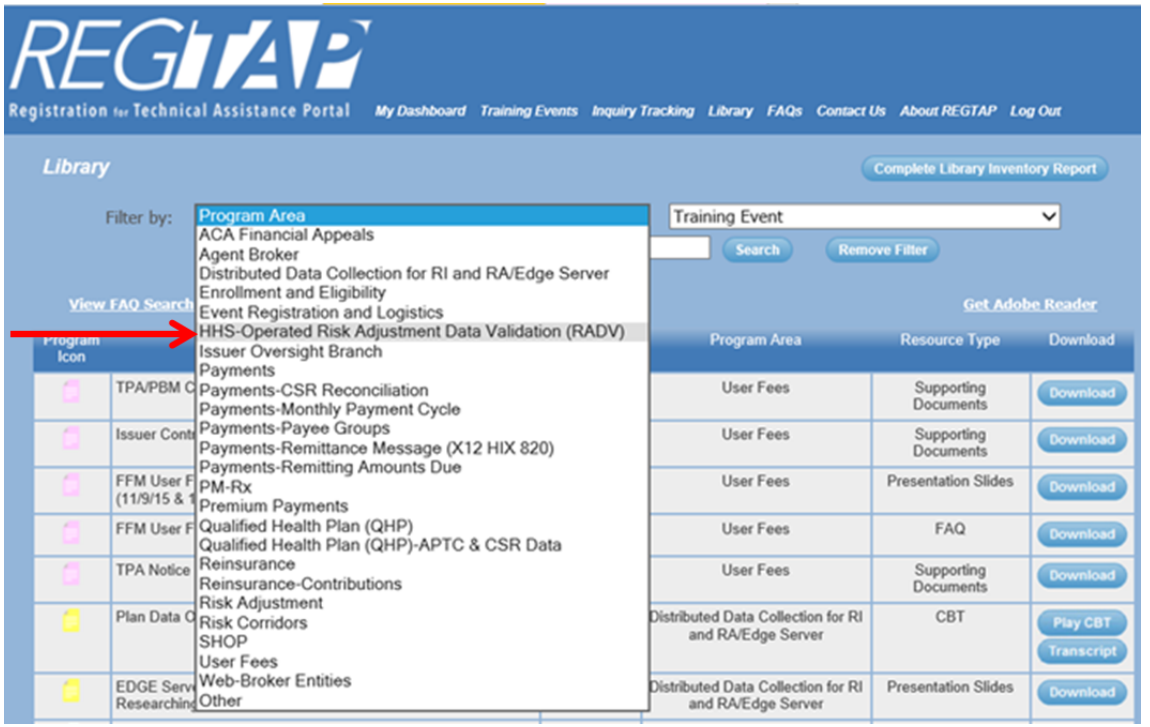
If your question does not receive a response during this webinar session, please submit your question to CCIIOACARADataValidation@cms.hhs.gov

Resources

Locating HHS-RADV Documents in REGTAP

Stakeholders can access additional documents at https://www.REGTAP.info in the REGTAP Library.

Under Program Area, select "**HHS Risk Adjustment Data Validation (HHS-RADV)**"



Resources: Links

- ICD, XML, and Job Aids
  - Log in to the Audit Tool
- HHS-RADV Timeline
  - HHS-RADV 2017 Timeline https://www.regtap.info/reg_librarye.php?i=2456
  - HHS-RADV 2018 Timeline https://www.regtap.info/reg_librarye.php?i=2905
- HHS-RADV Protocols
  - HHS-RADV 2018 Benefit Year Protocols https://www.regtap.info/reg_librarye.php?i=2904

Resources: Links (continued)

- HHS-RADV Presentation Slides
  - 2018 Benefit Year HHS-RADV Introduction (3/6/19) https://www.regtap.info/reg_librarye.php?i=2457
  - HHS-RADV Reports Introduction and Updates, IVA Selection, and Conflict of Interest (3/13/19) https://www.regtap.info/reg_librarye.php?i=2468
  - Issuer Senior Official Designation (4/3/19) https://www.regtap.info/reg_librarye.php?i=2819
  - IVA Entity Designation (4/3/19) https://www.regtap.info/reg_librarye.php?i=2820
  - Issuer Participation Requirements (4/3/19) https://www.regtap.info/reg_librarye.php?i=2821

Resources: Links (continued)

- HHS-RADV Presentation Slides
  - Validating RXC and NDC (5/1/19) https://www.regtap.info/reg_librarye.php?i=2871
  - 2018 Benefit Year Issuer Exemption & DDVC Web Form (5/8/19) https://www.regtap.info/reg_librarye.php?i=2885
  - Sampling Report Distribution & Discrepancy Reporting Process (5/8/19) https://www.regtap.info/reg_librarye.php?i=2886
  - 2017 Benefit Year Error Rate Attestation and Discrepancy Reporting (5/15/19) https://www.regtap.info/reg_librarye.php?i=2894
  - 2017 Benefit Year Error Estimation (5/22/19) https://www.regtap.info/reg_librarye.php?i=2909
  - 2018 Benefit Year Protocols Updates (5/29/19) https://www.regtap.info/reg_librarye.php?i=2908

Resources: Links (continued)

- HHS-RADV Presentation Slides
  - IVA Entity Audit Results Submission ICD, XSD, & XML Guidance (6/26/19) https://www.regtap.info/reg_librarye.php?i=2934
  - IVA Entity Audit Results Submission ICD, XSD, & XML RXC Guidance (7/10/19) https://www.regtap.info/reg_librarye.php?i=2957

Resources: Links (continued)

Resource	Resource Link
U.S. Department of Health & Human Services (HHS)	http://www.hhs.gov/
Centers for Medicare & Medicaid Services (CMS)	http://www.cms.gov/
The Center for Consumer Information & Insurance Oversight (CCIIO) web page	http://www.cms.gov/cciio
Consumer website on Health Reform	http://www.healthcare.gov/
Registration for Technical Assistance Portal (REGTAP)	https://www.REGTAP.info
Patient Protection and Affordable Care Act (PPACA)	http://www.gpo.gov/fdsys/pkg/PLAW-111publ148/content-detail.html

Resources: Links (continued)

Resource	Resource Link
HHS Notice of Benefit and Payment Parameters for 2014	http://www.gpo.gov/fdsys/pkg/FR-2013-03-11/pdf/2013-04902.pdf
HHS Notice of Benefit and Payment Parameters for 2015	http://www.gpo.gov/fdsys/pkg/FR-2014-03-11/pdf/2014-05052.pdf
HHS Notice of Benefit and Payment Parameters for 2016	http://www.gpo.gov/fdsys/pkg/FR-2015-02-27/pdf/2015-03751.pdf
HHS Notice of Benefit and Payment Parameters for 2017	https://www.gpo.gov/fdsys/pkg/FR-2016-03-08/pdf/2016-04439.pdf
HHS Notice of Benefit and Payment Parameters for 2018	https://www.gpo.gov/fdsys/pkg/FR-2016-12-22/pdf/2016-30433.pdf

Resources: Links (continued)

Resource	Resource Link
HHS Notice of Benefit and Payment Parameters for 2019	https://www.govinfo.gov/content/pkg/FR-2018-04-17/pdf/2018-07355.pdf
HHS Notice of Benefit and Payment Parameters for 2020	https://www.federalregister.gov/public-inspection/2019/04/18#special-filing-health-and-human-services-department

Resources: Contact Information

Resource	Contact Information
For RADV policy questions, contact the RADV Team.	CCIIOACARADataValidation@cms.hhs.gov
For EDGE server questions, please contact your Financial Management (FM) Service Representative directly and copy the Centers for Medicare & Medicaid Services (CMS) Help Desk.	EDGE_server_data@cms.hhs.gov and copy CMS_FEPS@cms.hhs.gov
HHS-RADV Audit Tool	To contact us within the HHS-RADV Audit Tool, use the Inquiries tab and select “Submit Inquiry”

Closing Remarks