

Medicare Payment Coalition for Frail Beneficiaries

Summary of Preliminary Risk Adjustment Research and Policy Recommendations January 2001

Overview

- MPCFB - national coalition of leading plans specializing in care of frail beneficiaries
- Goal- promote level playing field for health plans serving frail beneficiaries through appropriate risk adjustment methods and complementary payment structures
- Database for Phase 1 Research
 - ✓ data from 5 of 11 plans, total plans representing about 150,000 beneficiaries
 - ✓ examined implications of various risk adjustment models for frail, high-cost
 - ✓ focused on HCC, ADG-HosDom for which weights were available
 - ✓ analyzed by special plan classifications (SHMO, CDMCs, duals, specialty M+C plans)

Conclusions

- MPC preliminary analysis limited but credible and solid foundation for more definitive work:
 - ✓ Findings consistent with prior research on frail elderly (risk scores, predictive values, etc.)
 - ✓ HCC scores appear more sensitive to high cost beneficiaries than ADG-HosDom
 - ✓ CDPS model next priority for MPC (used by states, disability model for frail plans)
 - ✓ Recombining Dx building blocks produce limited improvements, need better frailty markers
 - ✓ Risk adjustment alone unlikely to be sufficient for frail - need complementary approaches
 - ✓ Need to test on "real world" database
- MPC will expand, refine existing database
- MPC will compare risk scores with 5% database (developers) and dual database (MN and others)
- MPC will further "model" policy recommendations

Preliminary Recommendations

Congress and HCFA should expedite implementation of appropriate risk adjustment and payment methods for frail elderly and hold existing specialized plans harmless in the interim

A. Phase-in Payment

- Short-term - demos (current); SNF (90/10 freeze)
- Transition - high-risk payments for plans w/disproportionate share of frail; waive BIPA phase-in
- Long-term- risk adjustment plus complementary approaches

B. Improving Risk Adjustment Methodologies (HCFA & Developers)

1. Enhance Sensitivity & Predictive Power through New Risk Adjustment Measures, e.g.:

- Frailty Markers linked to diagnosis or service
- Functional Impairments

2. Strengthen Structural Aspects Of Model; e.g.

- Test multiple site, multiple year risk adjustment models
- Evaluate lag, coding practices, etc.
- Modify claims payment rules relative to FFS
- Evaluate schedule for adjusting payments - yearly, annually

3. Test With Real World Data

- Sensitivity, predictive power
- Structural aspects

4. Evaluate Complementary Payment Methods

- Concurrent, blended models
- Incentive Structures Linked To Quality