

Risk adjustment in Medicare Advantage

ISSUE: CMS adjusts capitated payments to Medicare Advantage plans for the risk profile of each enrollee. CMS uses a version of the hierarchical condition category (CMS-HCC) model to risk adjust MA payments. Effective risk adjustment of MA payments is necessary to avoid systematic underpayments or overpayments.

KEY POINTS: In our presentation, we will discuss concerns that have been raised about the CMS-HCC as well as possible modifications to the CMS-HCC that could address those concerns.

ACTION: Commissioners should provide guidance on the direction staff should take on this analysis.

STAFF CONTACT: Dan Zabinski (202-220-3722)