

Issues for risk adjustment in Medicare Advantage

ISSUE: CMS uses the CMS hierarchical condition category (CMS-HCC) model to risk adjust capitated payments in the Medicare Advantage (MA) program. The CMS-HCC has been shown to perform better than previous risk adjusters that CMS has used. However, some have suggested changes to the CMS-HCC to improve its performance.

KEY POINTS: In this paper, we discuss options that have been suggested for improving the performance of the CMS-HCC.

ACTION: Commissioners should review the findings in preparation for a discussion on the CMS-HCC.

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