

## **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)