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# **Risk Adjustment Data Validation Work Order (VOTE)**

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Board of Directors Meeting, July 13, 2017

# Risk Adjustment Data Validation: Overview



***Today we seek approval to execute a work order governing services with our existing Risk Adjustment Data Validation (RADV) auditor to be provided from July 14, 2017 to May 31, 2018 for an amount not to exceed \$1.459M, of which Carriers will be expected to pay half.***

- In May 2017, HHS issued guidance that it will perform RADV for the 2016 benefit year as a pilot program, similar to how it was conducted for 2015
  - There will be no adjustments to the payments made or owed for 2016 as a result of the RADV findings; instead the findings will be advisory with a goal of pointing out areas for improvement in diagnostic coding to the carriers
  - Further, the federal RADV pilot will exempt small issuers with total premiums of \$15 million or less
- Today, the Health Connector is recommending that we enter into a work order with FTI to perform required RADV services for 2016

# Risk Adjustment Data Validation: Process Review



***The Affordable Care Act (ACA) (45 CFR 153.350) requires that a state that operates an alternate risk adjustment program perform RADV to ensure the integrity of the risk adjustment program***

- The purpose of RADV is to validate the results of the risk adjustment settlement funds transfers and, if necessary, to recalibrate the transfers in line with the audit findings and apply those results to the following year's settlement
  - CMS considers the 2016 benefit year to be a pilot RADV year with no financial implications and as such, we will do the same in Massachusetts
- The RADV process validates the diagnosis, demographic and enrollment information for a sample of enrollees for each issuer
  - The analysis is designed to uncover any discrepancies between source data and an issuer's enrollment and claims data used for risk adjustment settlement

# Auditor Scope of Work

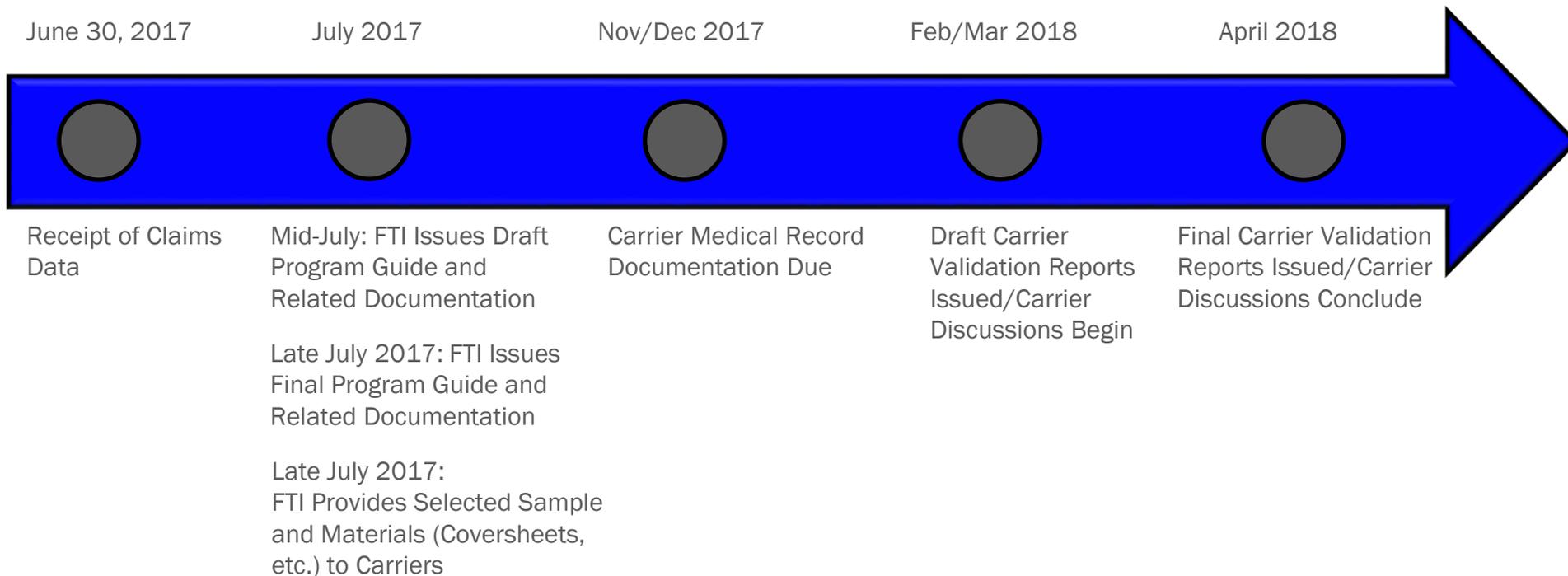
***The RADV auditor's scope of work for the 2016 benefit year will be similar to the scope of work for the 2015 benefit year; however, in an effort to prepare the issuers for the transition to the Federal model, the 2016 scope will shift some areas of emphasis.***

- For the 2016 benefit year, FTI will:
  - Support the Connector in discussions with Issuers regarding any additional adjustments to 2016 Benefit Year RADV methodology and process
  - Update RADV Program Documentation (e.g. Program and Technical Guidance for Issuers) to Reflect 2016 Benefit Year
  - Select a sample of members for each of the 10 Issuers participating in 2016 RADV
    - FTI will allow issuers some input into how their individual sample is structured and weighted
    - FTI will provide summary documents and data to assist each issuer in targeting and obtaining medical record documentation
    - Each Issuer can review the medical record documentation for the selected members and/or retain a Initial Validation Auditor to review
  - Perform a medical coding review for 25 members for each of the 10 issuers
  - Develop Market-level and Issuer-Specific reports regarding the results of the coding review
  - Conduct detailed discussions with each issuer regarding the results of the coding review

# Risk Adjustment Data Validation: Timeline



*The RADV timeline for the 2016 benefit year will be similar to the timeline for 2015 (Schedule assumes receipt of complete and final claims data on June 30)*



# Risk Adjustment Data Validation: Auditor Proposed Work Order Terms



*The table below outlines work phases involved in RADV, showing hours of work for each type of staff member engaged.*

Task Area	Project Leadership and SMEs	Coding Professionals	Other Support (e.g. Data Analysis)	Fee Estimate for 10 Issuers and 25 Members Per Issuer	
				Hours	Fees
<b><u>Medical Record Review</u></b>					
Intake and Review of Medical Records	240	1,224	240	1,704	511,642
Provide Feedback and Conduct Discussions with Issuers	750	500		1,250	580,000
<b>Total Medical Record Review</b>	<b>990</b>	<b>1,724</b>	<b>240</b>	<b>2,954</b>	<b>\$ 1,091,642</b>
<b><u>Program Management</u></b>					
Update Program Materials and Sample Selection	549	40	240	829	317,480
Reporting and Analysis of Results	100	10	10	120	50,850
<b>Total Program Management</b>	<b>649</b>	<b>50</b>	<b>250</b>	<b>949</b>	<b>\$ 368,330</b>
<b>Totals</b>	<b>1,639</b>	<b>1,774</b>	<b>490</b>	<b>3,903</b>	<b>\$ 1,459,972</b>

# VOTE



***Health Connector staff recommend that the Board authorize the Executive Director to enter into a new work order with FTI Consulting, Inc. to perform Risk Adjustment Data Validation auditing for benefit year 2016 during the period of July 2017 to May 2018.***