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Submitted via e-mail to: riskadjustment@cms.hhs.gov

Re: Proposed Changes to the CMS-HCC Risk Adjustment Model for Payment Year 2017

Dear Mr. Cavanaugh and Ms. Rice:

The National Association of Medicaid Directors (NAMD) appreciates the opportunity to provide comments in response to the Proposed Changes to the CMS-Hierarchical Condition Category (HCC) risk adjustment model for plan year 2017. Alignment of Medicare and Medicaid payment policies is increasingly important to states' work to drive person-centered systems that address the continuum of complex service needs for the dual eligible population. The accuracy of the risk adjustment mechanism and a meaningful quality rating system – for Medicare Advantage Dual Eligible Special Needs Plans (D-SNPs) and Medicare-Medicaid Plans (MMPs) – are essential to the success of this work.

Well over half the states are engaged in work around payment alignment and care integration models using D-SNPs and MMPs. According to NAMD's recently released 4th Annual Operations Survey, 85 percent of responding Medicaid Directors indicated their agency was planning, implementing, or had already implemented Medicaid Managed Long-Term Services and Supports (MLTSS) programs. In addition to the 10 states that have launched a financial

alignment demonstration program with MMPs, over twenty states are in some form of planning or implementation or have *already* implemented a D-SNP alignment initiative.

We appreciate the rigorous analytical work CMS has undertaken to respond to concerns NAMD and others raised regarding the accuracy of the CMS-HCC risk adjustment model as it relates to predicting the high costs for meeting the complex care needs of the Medicare-Medicaid dual eligible population. In our December 1, 2014, letter to CMS and our March 6, 2015, response to the Medicare Advantage Capitation Rates and 2016 Call Letter, we conveyed our concern that the HCC model does not adequately reimburse for the risk that health plan entities are taking on with the dual eligible population. We remain concerned that the identified inaccuracies in the model pose an immediate threat to the viability of the marketplace. In turn this is undermining the federal and state governments' shared goals around development of value-based care models for the dual eligible population.

CMS' October 28, 2015, memo confirms the 2014 model in use today under predicts acuity and therefore costs for full-benefit dual eligibles in the community. As a result, states are faced with an unstable marketplace as they move towards value-based, person-centered care in Medicaid and particularly for dually eligible individuals.

For this reason we offer the following comments for your consideration.

1. **NAMD strongly supports CMS' proposal to revise the structure of the risk adjustment model to address the under prediction, including the proposed six tiers.**

   We believe the proposal is a step towards payment equity for plans that exclusively or disproportionally serve dually eligible beneficiaries. The current HCC model threatens the viability of such plans, and, in turn, undermines states' initiatives to improve alignment and move towards value-based care models for this complex, costly population.

2. **We support CMS' proposal to implement the revised HCC risk adjustment model for Medicare-Medicaid plans (MMPs) in 2016. We also support application of the revised model for Medicare Advantage Dual Eligible Special Needs Plans (D-SNPs) as soon as practical but no later than 2017.**

   We believe the revised model will help ensure ongoing and robust participation of MMPs, Medicare Advantage D-SNPs and Fully Integrated Dual Eligible SNPs (FIDE-SNPs). We encourage CMS to extend the revised model to Medicare Advantage D-SNP and FIDE-SNP plans outside of the financial alignment demonstration program no later than plan year 2017. We acknowledge there are policy and operational issues that must be considered in order to do so. However, addressing the identified under prediction of costs for duals-focused plans is consistent with the transition to value-based care.

3. **NAMD also supports ongoing CMS analysis and refinement of the updated HCC risk model to improve accuracy of costs for certain conditions and subpopulations of the dual eligible population.**

   As a first step to improve the accuracy of Medicare's risk adjustment policy, CMS should apply the revised HCC model in 2016. This update will help provide stability in the market so that states can continue to advance value-based care initiatives that are focused on integrating care for the dual eligible population. Going forward, we encourage CMS to continue to make adjustments to improve the predictive accuracy of the model, for example by conducting further analysis of the plans' experience with behavioral health conditions and the homeless population.

CMS also requested comments about the application of the model to the Programs for All-Inclusive Care for the Elderly (PACE). If CMS extends the MA payment policies, including the HCC risk adjustment model, to PACE programs, CMS must concurrently extend similar expectations around quality, encounters and other key program and performance components. States are seeking additional information and more dialogue with CMS about the application to PACE, particularly as the PACE demonstration program is launched.

Thank you for your consideration of our comments. We remain committed to working with you to support the ongoing transition to efficient, effective systems that deliver high-value, person-centered care for the Medicare-Medicaid dual eligible population.

Sincerely,

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