

# Risk Adjustment Overview



May 7, 2012

The contents of this presentation represent preliminary information with the purpose of soliciting stakeholder feedback. Draft policies for the risk adjustment program will be announced in the draft HHS notice of benefit and payment parameters, which will be subject to comment before finalized.

- Introduction and overview.
- Context.
- Market environment.
- Meeting agenda.

- **What:** Transfers funds from plans with lower risk enrollees to plans with higher risk enrollees.
- **Who participates:** Non-grandfathered individual and small group market plans, inside and outside the Exchange.
- **How:** Criteria and methods developed by the Secretary, in consultation with States. May be similar to criteria and methods utilized under Part C or D of Medicare.

- History.
- ACA policy context.
- Purpose.



- Rating reforms.
  - Age (up to 3:1).
  - Tobacco use (up to 1.5:1).
  - Family size.
  - Geography.
  - Single risk pool.
- Metal levels
  - Bronze, silver, gold, platinum, catastrophic.
  - Silver variants for cost-sharing reductions.

- Currently uninsured.
- Individual market – current enrollees.
- PCIP enrollees.
- Individuals with prior employer sponsored insurance.

- Final rule summary.
- HHS developed risk adjustment model.
- Plan average actuarial risk calculations & payments and charges calculations.
- State flexibility for risk adjustment.
- Tomorrow: HHS operated risk adjustment.