

## 2018 Supplemental Claims Impact

This paper provides information related to supplemental claim information collected through the 2018 Wakely National Risk Adjustment Reporting (WNRAR) project. It is being published publicly. A more detailed version, with issuer specific information and additional metrics was provided to issuers participating in Wakely's WNRAR project.

Out of WNRAR's 537 participating market-HIOS ID combinations<sup>1</sup> (referred as "HIOS IDs" hereafter), supplemental file data for 2018 dates of service was collected from 451 HIOS IDs who had at least 2,400 member months (approximately 200 members). The numbers provided in this report are based on these 451 HIOS IDs. A more detailed report, including the marginal PLRS impact of add and delete records from supplemental files, and the distribution of impacts was provided to issuers who participated in the WNRAR study<sup>2</sup>.

Actual results may vary materially from our estimates for many reasons. Please see the Disclosures and Limitations section of this report for a discussion of such reasons.

### Executive Summary

Based on Wakely's estimates, the member month-weighted average impact of supplemental file in 2018 is 1.87%. This estimate represents the marginal, multiplicative risk score increase attributable to supplemental claims of 451 HIOS IDs that submitted a separate supplemental claims file through the 2018 full-year WNRAR reporting run. Issuers who submitted supplemental claims but did not submit a separate supplemental file and issuers who did not submit any supplemental claims were excluded from this analysis.

Table 1 below provides additional details on the impact of supplemental claims including mean supplemental impact broken out for the individual and small group market. Results varied significantly by state.

**Table 1: 2018 Supplemental Impact (Wakely WNRAR)**

Market	Count of HIOS IDs	Member Months (millions)	Mean PLRS Impact
<b>Combined</b>	<b>451</b>	<b>224.2</b>	<b>1.87%</b>
Individual <sup>3</sup>	162	121.4	1.87%
Small Group	289	102.8	1.88%

<sup>1</sup> Issuers with one HIOS ID operating in both the IND and XSG markets were counted as two observations. The catastrophic market was excluded from this report.

<sup>2</sup> The WNRAR Study provides interim risk adjustment transfer estimates alongside other insightful risk metrics at both the issuer and market level (such as HCC prevalence by metal level). Please contact Matt Sauter at [MattS@Wakely.com](mailto:MattS@Wakely.com) for more info.

<sup>3</sup> Individual market includes merged markets but exclude catastrophic markets.

## Methodology

The supplemental file impacts provided in this report were estimated by scoring HIOS IDs with and without the WNRAR supplemental file to determine the marginal impact of the supplemental claims. Other efforts to ensure risk score accuracy such as steering a member to their PCP or home assessments are not included in this analysis as these records typically show up as their own records in the medical file and not as “add/delete” records in the supplemental file. Member month estimates were also obtained from the 2018 WNRAR results and represent only those issuers who submitted a separate supplemental file (N = 451). HIOS IDs with less than 2,400 member months were excluded from this analysis.

## Supplemental Files Considerations and Market Insights

Risk score accuracy continues to be a hot topic in the ACA marketplace. Supplemental files allow issuers to ensure accurate coding for risk scoring, thus impacting risk adjustment transfers in the ACA market. In addition, supplemental files also help issuers mitigate risk adjustment data validation (RADV) audit risk for both “under-coding” and “over-coding” by correcting data within their claims system. Given that there is only a short period of time for ACA issuers to submit supplemental data<sup>4</sup>, issuers have to strategically plan their resources and efforts to have a successful program.

Based on our review of supplemental results in 2018, we continue to observe wide variation in the impact of supplemental files. While the magnitude of the increase (and for some issuers, decrease) in risk scores through supplemental files may not solely determine financial success, supplemental file submissions are an important aspect.

Ultimately, all add or delete records in supplemental files are created through chart reviews. Therefore, many successful ACA supplemental programs have a very defined, targeted and prioritized approach given the challenges in ACA market. These approaches may target as low as 1% to 5% of the issuer’s entire population with both retrospective and prospective initiatives. In contrast, many Medicare supplemental programs target much higher proportions of members since Medicare populations have higher HCC-prevalence rate as well as a longer timeframe to submit supplemental data. Due to these key differences, supplemental strategies should be tailored to each issuer’s specific population.

Our extensive work with issuers in the ACA market has revealed that successful management of risk score accuracy programs require delicately balancing program ROI, accurate coding & patient documentation, and coordinating these programs with other strategic initiatives.

## Disclosures and Limitations

The estimates provided above are inherently uncertain and rely upon data provided by WNRAR participants. Results will vary significantly by year, market and state and should not be relied upon. The final supplemental claims processed and submitted to the EDGE Server may also vary due to factors such as timing and data limitations. We performed reasonability checks on the data where possible but did not audit or verify the data. Users of this analysis should be qualified to use it and understand the results and inherent uncertainty. Wakely makes no warranty on the estimates presented in this whitepaper.

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To learn more about best practices and strategies related to ACA risk score accuracy, please contact Matt or Chia at [MattS@Wakely.com](mailto:MattS@Wakely.com) or [ChiaC@Wakely.com](mailto:ChiaC@Wakely.com).

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<sup>4</sup> Issuers must submit EDGE data, including supplemental files, by April 30<sup>th</sup> following the benefit year. For example, 2019 EDGE data must be submitted by April 30<sup>th</sup>, 2020.