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2020 Supplemental Claims Impact

This paper provides information related to supplemental claim information collected through the 2020 Wakely National Risk Adjustment Reporting (WNRAR) project¹.

Out of WNRAR’s 573 participating market-HIOS ID combinations (referred as “HIOS IDs” hereafter), supplemental file data for 2020 dates of service were collected from 464 HIOS IDs who had at least 2,400 member months (average of 200 members) during the 2020 benefit year. The numbers provided in this report are based on these 464 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.

Actual results for any particular issuer for 2020 and especially in the future 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 claims to risk scores in 2020 is an increase of 2.69%. This estimate represents the marginal, multiplicative average risk score increase attributable to supplemental claims for the 464 HIOS IDs that submitted a separate supplemental claims file in the 2020 full-year WNRAR reporting run. In this analysis, we excluded all issuers who did not submit a separate supplemental file. In addition, HIOS IDs with less than 2,400 member months were excluded for credibility purposes.

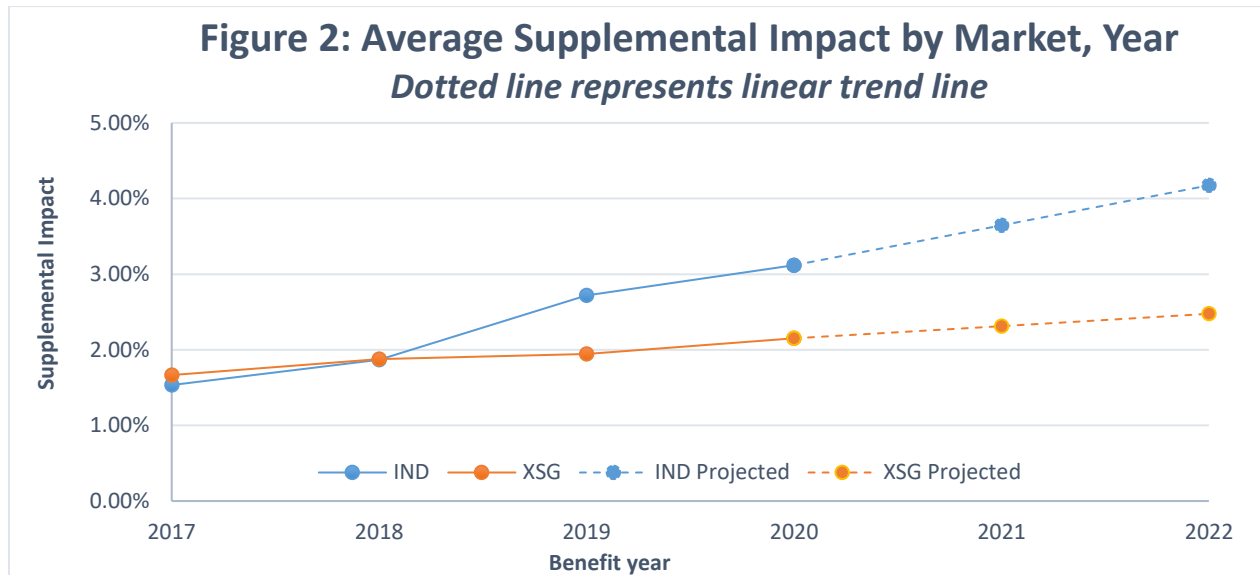
Table 1 below provides additional details on the impact of supplemental claims including mean supplemental impact broken out for the individual and small group market. While not shown in Figure 1, we note that results varied significantly by issuer and state.

Table 1: 2020 Supplemental Impact (Wakely WNRAR)

| Market | Count of HIOS IDs | Member Months (millions) | Mean PLRS Impact |
|-----------------|-------------------|--------------------------|------------------|
| Combined | 464 | 218.1 | 2.69% |
| Individual | 199 | 122.8 | 3.12% |
| Small Group | 265 | 95.3 | 2.15% |

¹ 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 for more info.

Since 2017, the overall WNRAR-observed supplemental PLRS increased by approximately 70% over the 3-year period through 2020. This 3-year increase varied by market with the individual market doubling (103%) while the small group market increased approximately 30% over the same 3-year period. This represents an annual additive increase of 0.53% and 0.16% on the impact of supplemental files for the individual and small group markets respectively. Figure 2 below shows the average supplemental claims impact to PLRS by year as observed in the WNRAR study. The table also includes a linear trend line (dashed) to show where future years’ supplemental impact would be if the average yearly increase continues in each market. While historical trend may not be indicative of future results, it is important to recognize that the impact of supplemental file has greatly increased in the past few years.



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. Additionally, other risk score optimization efforts 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. Estimates in this whitepaper were based on WNRAR participants’ 2020 full-year data submission for only those issuers who submitted a separate supplemental file and have at least 2,400 member months (N = 464).

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 data², issuers have to strategically plan their resources and efforts to have a successful program.

² Issuers must submit EDGE data, including supplemental files, by April 30th following the benefit year. For example, 2020 EDGE data must be submitted by April 30th, 2021.

We continue to observe wide variations 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, reflect nationwide averages for those issuers that submitted data and rely upon data provided by WNRAR participants. Results may vary significantly by year, market and state. The results shown in our paper should not be relied upon for future assumptions. The final supplemental claims processed and submitted to the EDGE Server may also vary due to various factors such as timing and data limitations. We performed reasonability checks on the data where possible but did not audit or verify the data. This report is being provided for informational and educational purposes only. Wakely makes no warranty and does not intend to create a reliance to third parties on the estimates presented in this whitepaper.

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