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2022 Supplemental Claims Impact

This paper provides information related to supplemental claim information collected through the 2022 Wakely National Risk Adjustment Reporting (WNRAR) project. Actual results for any particular issuer for 2022 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

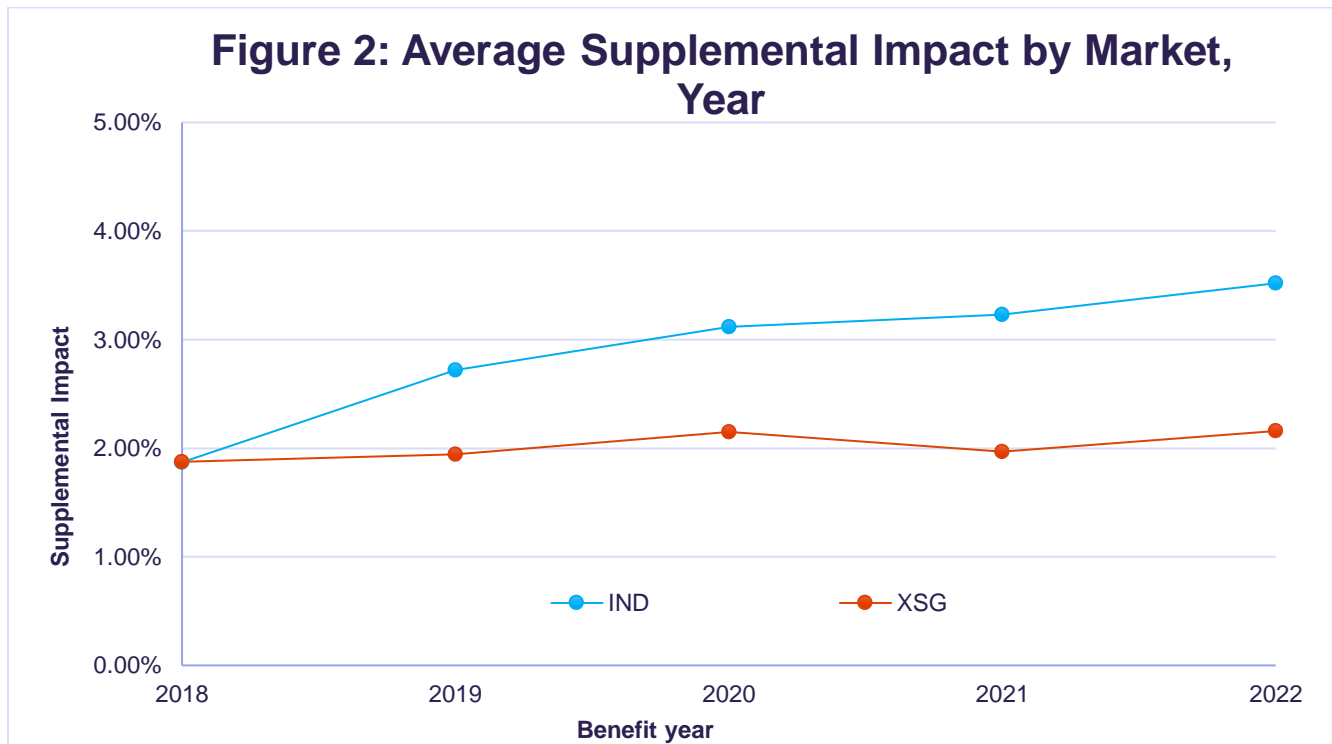
Wakely estimates that member month-weighted average risk scores increased by 3% due to the impact of supplemental claims submissions. This estimate represents the marginal, multiplicative average risk score increase attributable to supplemental claims for the 530 HIOS IDs that submitted a separate supplemental claims file in the 2022 full-year WNRAR reporting run. We excluded all issuers who did not submit a separate supplemental file, which represented approximately 6% of WNRAR member months. In addition, HIOS IDs with less than 2,400 member months were excluded for credibility purposes.

Figure 1 below provides additional details on the impact of supplemental claims including the 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.

Figure 1: 2022 Supplemental Impact (Wakely WNRAR)

Market	Count of HIOS IDs	Member Months (Millions)	Mean PLRS Impact
Combined	530	254.7	3.03%
Individual	273	162.5	3.52%
Small Group	257	92.1	2.16%

The overall WNRAR-observed supplemental PLRS increased by approximately 62% over the past four years. This four-year increase varied by market with the individual market nearly doubling (88% increase) while the small group market increased approximately 15% over the same period. This corresponds to an annual average additive increase of 0.41% for the individual market and 0.07% for the small group market. Figure 2 below shows the average supplemental claims impact to PLRS by year as observed in the WNRAR study.



Methodology

The supplemental file impacts provided in this report were estimated by risk scoring HIOS IDs with and without the WNRAR supplemental file to determine the marginal impact of the supplemental claims. Therefore, a supplemental claim with diagnosis codes mapping to an HCC already recorded for the member in the medical file is not included in the risk score increase since the member has already been coded with the HCC prior to the inclusion of supplemental file. Additionally, other risk score operation 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’ 2022 full-year data submission for only those issuers who submitted a separate supplemental file and have at least 2,400 member months (N = 530).

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 data¹, issuers must strategically plan their resources and efforts to have a successful program.

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

This analysis included 530 market-issuer-HIOS ID combinations who submitted a separate supplemental claims file through the WNRAR project. Results may vary considerable from one issuer to another, so the mean is likely not representative of the supplemental impact for any given issuer. Data from issuers who did not include a separate supplemental claims file and from issuers not participating in the WNRAR project may vary from this report, potentially significantly. Additionally, the final supplemental claims processed and submitted to the EDGE Server may also vary due to various factors such as timing and data limitations.

The estimates provided above are inherently uncertain. Results may vary significantly by year, market, and state. The results shown in our paper should not be relied upon for future assumptions. The estimates developed within this whitepaper relied upon data as provided by WNRAR participants. 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 estimates presented in this whitepaper.

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

¹ Issuers must submit EDGE data, including supplemental files, by April 30th following the benefit year. For example, 2022 EDGE data must be submitted by April 30th, 2023.

OUR STORY

Five decades. Wakely began in 1969 and eventually evolved into several successful divisions. In 1999, the actuarial arm became the current-day Wakely Consulting Group, LLC, which specializes in providing actuarial expertise in the healthcare industry. Today, there are few healthcare topics our actuaries cannot tackle.

Wakely is now a subsidiary of Health Management Associates. HMA is an independent, national research and consulting firm specializing in publicly funded healthcare and human services policy, programs, financing, and evaluation. We serve government, public and private providers, health systems, health plans, community-based organizations, institutional investors, foundations, and associations. Every client matters. Every client gets our best. With more than 20 offices and over 400 multidisciplinary consultants coast to coast, our expertise, our services, and our team are always within client reach.

Broad healthcare knowledge. Wakely is experienced in all facets of the healthcare industry, from carriers to providers to governmental agencies. Our employees excel at providing solutions to parties across the spectrum.

Your advocate. Our actuarial experts and policy analysts continually monitor and analyze potential changes to inform our clients' strategies – and propel their success.

Our Vision: To partner with clients to drive business growth, accelerate success, and propel the health care industry forward.

Our Mission: We empower our unique team to serve as trusted advisors with a foundation of robust data, advanced analytics, and a comprehensive understanding of the health care industry.

Learn more about Wakely Consulting Group at www.wakely.com