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Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
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From: Center for Consumer Information & Insurance Oversight (CCIIO),
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Title: EDGE Server Data Bulletin – INFORMATION

Subject: Evaluation of EDGE Data Submissions for 2016 Benefit Year

I. Purpose

In the HHS Notice of Benefit and Payment Parameters for 2017 final rule (81 FR 12234-12235), the Centers for Medicare & Medicaid Services (CMS) stated that we would describe in annual guidance the appropriate threshold by which CMS will deem EDGE server data sufficient for a given benefit year, including the format and timeline for submission of baseline data. This bulletin provides guidance on the operational processes that CMS will use to evaluate issuers' EDGE server data for the 2016 benefit year. This analysis will help CMS determine whether an issuer has provided access to EDGE server data that is sufficient for CMS to calculate reinsurance payments and apply the Department of Health and Human Services' (HHS) risk adjustment methodology. This analysis will also assist CMS with ensuring the accuracy of the reinsurance and risk adjustment programs. **However, notwithstanding the process described below, the issuer remains responsible for ensuring the completeness and accuracy of the data submitted to its EDGE server by the May 1, 2017, data submission deadline.**

In this bulletin, we describe how CMS intends to evaluate the sufficiency of data in terms of the "quantity" and "quality" of an issuer's EDGE server data submissions for the 2016 benefit year. CMS will use the data sufficiency evaluation to determine which States will receive interim risk adjustment summary reports in March 2017, calculate reinsurance payments, and apply the Federally certified risk adjustment methodology following the May 1, 2017, final data submission deadline for the 2016 benefit year.¹

¹ The May 1, 2017 final data submission deadline is for an issuer of a risk adjustment covered plan or reinsurance-eligible plan in a State in which CMS is operating the risk adjustment or reinsurance program to submit complete and accurate claims and enrollment data to its EDGE server for the 2016 benefit year. See FAQ 14472a, available at www.regtap.info.

II. Background

The integrity of payments and charges under the HHS-operated risk adjustment program and payments under the transitional reinsurance program depend upon the data submitted by issuers to their EDGE servers. For example, risk adjustment data submissions for one issuer can materially affect the risk adjustment transfers for all other issuers in a market in a State. Failure to submit complete and accurate data by the data submission deadlines could result in inadequate compensation of reinsurance eligible costs incurred by the issuer.

Under 45 C.F.R. §§ 153.710(f) and 153.740(b), if an issuer of a risk adjustment covered plan fails to provide sufficient data, fails to establish an EDGE server, or fails to provide HHS with access to the required data on the EDGE server, such that CMS cannot apply the Federally certified risk adjustment methodology, a default risk adjustment charge will be assessed. Similarly, under 45 C.F.R. §§ 153.420 and 153.740(a), if an issuer eligible for reinsurance payments fails to establish an EDGE server or meet certain data requirements, the issuer may receive a lower amount of reinsurance payments than it otherwise might have received. The means by which issuers provide access to required data is by submitting sufficient quantity and quality of claims and enrollee data to their EDGE servers. Similar to the 2015 benefit year, as described below, CMS will provide interim risk adjustment summary reports after performing an analysis on EDGE data submissions to determine whether an issuer has submitted data that is of sufficient quantity and quality for CMS to calculate a reliable interim risk score for that issuer.

III. Description of Evaluation Process for Data Quantity

CMS will determine if an issuer meets the data quantity standards by comparing an issuer's self-reported baseline data of total enrollment and claims counts by market for a given benefit year to the issuer's data submitted and accepted to its EDGE server. For the 2016 benefit year, CMS will again use a 90% enrollment and 90% claims data (non-orphaned medical and pharmacy) quantity threshold for an issuer to be considered in compliance. CMS will complete these data quantity evaluations through the 2016 benefit year's data submission window, which ends May 1, 2017. After each data submission deadline (discussed below), all issuers will be notified of whether they have met the data quantity standard, and, when applicable, the potential implications of failing to meet CMS's data quantity thresholds.

Reinsurance

CMS will evaluate data quantity throughout the 2016 benefit year data submission window. After the final data submission deadline of *4 p.m. EDT May 1, 2017*, all issuers with reinsurance eligible claims will proceed to the data quality evaluation described below for the reinsurance program, including issuers who did not meet the data quantity thresholds. The reinsurance implications of failing to submit all data by the final data submission deadline would be inadequate compensation of reinsurance eligible costs.

Risk Adjustment

CMS will evaluate data quantity throughout the 2016 benefit year data submission window. After the final data submission deadline of *4 p.m. EDT May 1, 2017*, an issuer of a risk adjustment covered plan that does not meet the data quantity thresholds for the 2016 benefit year

will be subject to a default risk adjustment charge,² if the default charge is smaller than the charge it would have otherwise received.

For the interim risk adjustment summary report, issuers will have two data quantity deadlines³ that affect their eligibility to receive an interim risk score.

- *December 15, 2016* EDGE data submission deadline. CMS conducts a data quantity evaluation of the data submitted by this deadline. An issuer of a risk adjustment covered plan that failed to meet the 90% enrollment and claims thresholds for the first 3 quarters of the 2016 benefit year will be notified of their status and potential implication (*i.e.*, issuer and State not eligible for the interim risk adjustment summary report). These issuers will not be moved to the data quality evaluation. However, these issuers will have until January 26, 2017 to meet the quantity thresholds, and if the thresholds are met, would then undergo data quality analysis and be considered for the interim risk adjustment summary report.
- *January 26, 2017* EDGE data submission deadline. CMS conducts a second data quantity evaluation of the data submitted by this deadline. An issuer of a risk adjustment covered plan that does not meet the 90% enrollment and claims thresholds for the first three quarters of the 2016 benefit year will be notified of their status and the potential implication (*i.e.*, issuer and State not eligible for the interim risk adjustment summary report). These issuers will not be moved to the data quality evaluation. If such issuer(s) exceeds 0.5% of the market share as determined by number of enrollees covered, CMS will not consider this State to be credible and will not issue a 2016 benefit year interim risk adjustment summary report for that State. Issuers of risk adjustment covered plans in these States will only receive a final risk adjustment summary report on June 30, 2017.

How to Remedy a Data Quantity Issue

An issuer that fails to meet the data quantity thresholds can take the following actions as follows at any time prior to the *4 p.m. EDT May 1, 2017* final data submission deadline:

- Correct the data on their EDGE servers, and/or
- Correct and resubmit baseline enrollment or claims data (see below *Section VIII, How to Notify CMS of Changes to Baseline Enrollment Data*).

If you encounter any technical problems submitting corrected enrollment and claims data to the EDGE server, please contact the Financial Management Coordination Center (FMCC) at edge_server_data@cms.hhs.gov.

If you have any questions about quantity notification(s) received, please email RARipaymentoperations@cms.hhs.gov.

IV. Description of Evaluation Process for Data Quality/Sufficiency

CMS will assess issuers' data quality/sufficiency throughout the 2016 benefit year data submission window using the process and 11 metrics in the *Data Quality Evaluation Metrics* table set forth below. For the interim risk adjustment summary report, only metrics that measure EDGE

² See, 45 CFR 153.740(b).

³ See, https://www.regtap.info/uploads/library/DDC_2016EDGECommandDeployments_5CR_111716.pdf.

claims/enrollment and risk adjustment data quality will be assessed to determine issuers' data sufficiency.⁴

Data Quality Evaluation Metrics	
Key Metrics	Area
Percent of all enrollees with at least one Hierarchical Condition Category (HCC)	Risk Adjustment
Average number of conditions per enrollee with at least one HCC	
Issuer average risk score	
Average number of diagnosis codes per medical claim	
Average premium per member per month	
Percent of individual market enrollees with reinsurance payments	Reinsurance
Average reinsurance payment per enrollee receiving reinsurance payment	
Average number of medical claims per enrollee	EDGE Claims/Enrollment
Percent of enrollees without claims	
Percent of medical claims that are institutional claims	
Average number of pharmacy claims per enrollee	

CMS will identify outliers for each metric using the following process:

- Issuers, by market, will be divided into two groups: issuers with fewer than 10,000 enrollees, and issuers with 10,000 enrollees or more.
- A national distribution for each market will be created for each of the two groups, for each of the 11 metrics.
- An internal technical committee composed of actuaries, risk adjustment experts, and reinsurance experts will establish outlier thresholds for those distributions.
- The technical committee will consider the justifications from issuers identified as outliers.

For the interim risk adjustment summary report, the technical committee will consider justifications received between January 3, 2017, and February 24, 2017, when identifying outliers as part of the ongoing interim quality process.

December 16, 2016, through April 15, 2017

CMS will conduct ongoing outlier analyses on data submitted between December 15, 2016, and April 15, 2017. CMS will notify issuers of potential outlier status identification, which will result in issuers receiving outlier notifications. The notification will include a link to complete the “CMS Data Evaluation Outlier Justification Submission Web Form” and details regarding the timeframe for issuers to take the necessary steps to respond to these outlier notifications.

Following notification, issuers must take the following actions:

- Complete the “CMS Data Evaluation Outlier Justification Submission Web Form” within 10 calendar days of receiving notification of the outlier by either submitting a suitable justification for the relevant data anomalies or providing a date by which any data issues will

⁴ An issuer identified as an outlier in a reinsurance data quality metric would not be precluded from being eligible for their interim risk adjustment results, if applicable.

be resolved. Justifications should include relevant detail and actuarial data as necessary to prove the issuer's case with respect to the metrics in which the issuer was identified as an outlier. CMS recommends early submission of explanations to allow time for additional clarification or revised explanations.

- Update or correct the data stored on their EDGE server(s), if the outlier analysis indicates a legitimate data error.

For the interim risk adjustment summary report, issuers will have two data quality deadlines that affect their eligibility to receive their interim risk adjustment results.

- *December 15, 2016* EDGE data submission deadline. CMS will conduct a data quality evaluation. If CMS identifies an issuer to be an outlier in any of the 9 metrics for risk adjustment and EDGE claims/enrollment, CMS will send written notifications to CEO designates on *January 3, 2017*, requesting the issuer complete the “CMS Data Evaluation Outlier Justification Submission Web Form” within 10 calendar days of receiving notification of the outlier. If the outlier indicates a legitimate data error, the issuer must update or correct the data on their EDGE servers by *January 26, 2017*.
- *January 26, 2017* EDGE data submission deadline. CMS will conduct a second data quality evaluation. If CMS identifies an issuer to be an outlier in any of the 9 metrics for risk adjustment and EDGE claims/enrollment, CMS will send written notifications to CEO designates on *February 14, 2017*, requesting that the issuer complete the “CMS Data Evaluation Outlier Justification Submission Web Form” within 10 calendar days of receiving notification of the outlier. For an issuer that fails to provide an acceptable justification by *February 24, 2017*, or the outlier indicates a legitimate data error, CMS will **NOT** provide an interim risk adjustment summary report for that State if the issuer(s) **exceeds 0.5% of the market share**.

How to Remedy a Data Quality Issue

An issuer identified as having data quality issues can take the following actions as follows at any time prior to the *4 p.m. EDT May 1, 2017* final data submission deadline:

- Correct the data on their EDGE servers, and/or
- Correct and resubmit baseline enrollment or claims data (see below *Section VIII, How to Notify CMS of Changes to Baseline Enrollment Data*).

If you encounter any technical problems submitting corrected enrollment and claims data to the EDGE server, please contact the Financial Management Coordination Center (FMCC) at edge_server_data@cms.hhs.gov.

If you have any questions about quality notification(s) received, please email edgedatareply@cms.hhs.gov.

May 2, 2017

CMS does not expect that many issuers will be identified as an outlier for the first time during the *May 2, 2017* final data quality evaluation. However, this may occur if, for example, an issuer truncates data, replaces a large percentage of their EDGE data, or uploads a large amount of new EDGE data after April 15, 2017.

However, if an issuer’s data triggers an outlier threshold following the final risk adjustment and reinsurance run on May 2, 2017, and that issuer does not have a previously submitted acceptable justification, CMS will offer the issuer a final opportunity to submit a justification for CMS review and will also require the issuer to attest to the accuracy of its data.

If CMS identifies an issuer to be an outlier in any of the 11 metrics, CMS will send written notifications to CEO designates on *May 10, 2017*, requesting that the issuer complete the “CMS Data Evaluation Outlier Justification Submission Web Form” within 10 calendar days of receiving notification of the outlier status following the final risk adjustment and reinsurance run.⁵ Below are the consequences if CMS’s technical committee determines that the outlier justification is **not** acceptable:

- If the issuer is identified as having a “*low side*” claims outlier then CMS will consider this a different version of a data quantity problem for claims, such as only submitting one diagnosis per claim or failing to update hospitalization claims. Therefore, as discussed above, the consequences of failing to meet the “*low side*” data quantity threshold for claims following the *May 1, 2017*, final data submission deadline would apply – the issuer may receive a lower amount of reinsurance payments than it otherwise might have received and the issuer will receive a default risk adjustment charge if the default charge is smaller than the charge it would have otherwise received.
- If the issuer is identified as having a “*high side*” claims outlier then the issuer may receive a lower amount of reinsurance payments than it otherwise might have received, it will be subject to the default risk adjustment charge, or other appropriate adjustments may be made to its risk adjustment transfer amounts.⁶
- If an issuer is identified as having a premium outlier, regardless of whether it is a “*high side*” outlier or “*low side*” outlier, then CMS could assess a default risk adjustment charge or make other appropriate adjustments to risk adjustment transfer amounts.

V. Schedule of Steps in the Evaluation Process for Data Quantity and Quality

From December 16, 2016 through April 15, 2017, CMS will conduct ongoing data quantity and quality evaluations. Below are key dates that issuers must meet for ongoing and final data submission deadlines and the interim risk adjustment summary report.

DATES	STEP IN PROCESS	DESCRIPTION
December 23, 2016	First <u>Interim</u> Quantity Evaluation	Notification of EDGE Data Quantity Status: CMS notifies issuers of their quantity status based on EDGE server data as of December 15, 2016.

⁵ As such, issuers must submit outlier justifications no later than May 22, 2017.

⁶See, “Adjustment of Risk Adjustment Transfers Due to Submission of Incorrect Data” Guidance, available at: <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/RA-Adjustment-Guidance-9-2-15.pdf>.

DATES	STEP IN PROCESS	DESCRIPTION
January 3, 2017	First <u>Interim</u> Quality Evaluation	Interim Risk Adjustment Quality Evaluation Outlier Notification: CMS contacts issuers identified as potential outliers based on analysis of risk adjustment data on issuer's EDGE server as of December 15, 2016.
January 13, 2017	First <u>Interim</u> Quality Evaluation Justification Submission	Response Due to Interim Risk Adjustment Quality Evaluation Outlier Notification: Issuers notified as outliers on January 3, 2017 must submit a justification of data anomalies. <i>Interim risk adjustment summary reports in a State(s) that lack issuer(s) with sufficiently credible data will not be released.</i>
February 1, 2017	Final <u>Interim</u> Quantity Evaluation <i>(used for interim risk adjustment summary report)</i>	Notification of EDGE Data Quantity Status: CMS notifies issuers of their quantity status based on EDGE server data as of January 26, 2017.
February 14, 2017	Final <u>Interim</u> Quality Evaluation <i>(used for interim risk adjustment summary report)</i>	Interim Risk Adjustment Quality Evaluation Outlier Notification: CMS contacts issuers identified as potential outliers based on analysis of risk adjustment data on issuer's EDGE server as of January 26, 2017.
February 24, 2017	Final <u>Interim</u> Quality Evaluation Justification Submission <i>(used for interim risk adjustment summary report)</i>	Response Due to Interim Risk Adjustment Quality Evaluation Outlier Notification: Issuers notified as outliers on February 14, 2017 must submit a justification of data anomalies. <i>Interim risk adjustment summary reports in a State(s) that lack issuer(s) with sufficiently credible data will not be released.</i>
March 2017	Release of <u>Interim</u> Risk Adjustment Summary Report	CMS releases interim risk adjustment summary report for States that have sufficiently credible data.
March 8, 2017	Quantity Evaluation	Notification of EDGE Data Quantity Status: CMS notifies issuers of their quantity status based on EDGE server data as of March 2, 2017.

DATES	STEP IN PROCESS	DESCRIPTION
May 2, 2017	Final Risk Adjustment and Reinsurance Quantity Evaluation	<p>Final Notification of EDGE Data Quantity Status: After the final data submission deadline of May 1, 2017, <i>an issuer with a low enrollment count (that is, less than 90%) will be subject to a default risk adjustment charge. An issuer with a low claims count (that is, less than 90%) following the May 1, 2017, data submission deadline will be subject to a default risk adjustment charge if the default charge is smaller than the charge it would have otherwise received. The reinsurance implications of failing to submit all data by the data submission deadlines could be inadequate compensation of reinsurance eligible costs, but any issuers with quantity shortfalls will still be moved to the data quality analysis. However, an issuer with a low enrollment or claims count will not be moved to the data quality analysis for the risk adjustment program and will be subject to a default risk adjustment charge.</i></p>
May 10, 2017	Final Quality Evaluation	<p>Final Notification of EDGE Data Quality Status: CMS contacts issuers newly deemed potential outliers after CMS conducts an analysis of the final May 1, 2017 EDGE data submissions. <i>Issuers notified as outliers who fail to submit justifications may receive a risk adjustment default charge or receive a lower amount of reinsurance payments than it otherwise might have received.</i></p>
May 22, 2017 ⁷	Final Quality Evaluation Justification Submission	<p>Response due to Final Quality Evaluation Outlier Notification(s): Issuers newly notified as outliers must submit explanations of data anomalies by the date(s) specified in their respective notices. Issuers with unexplained outliers after the final deadline must submit explanation of data anomalies by May 22, 2017. <i>Issuers notified as outliers who fail to submit justifications may receive a default risk adjustment charge or receive a lower amount of reinsurance payments than it otherwise might have received.</i></p>

⁷ This date (May 22, 2017) is also the date that final EDGE discrepancy reports and issuer attestations are due for 2016 benefit year EDGE server data submissions. CMS intends to issue future guidance and hold webinars on the attestation and discrepancy reporting process in April 2017. We note that filing a discrepancy does **not** permit issuers to upload additional data to or correct existing data on their EDGE server for the applicable benefit year.

VI. Issuer Responsibility

The data quantity and quality analysis set forth above will assist CMS with ensuring the accuracy of the risk adjustment and reinsurance programs; however, the issuer remains responsible for ensuring the completeness and accuracy of the data submitted to its EDGE server by the applicable deadline. It is imperative that issuers review their EDGE reports and monitor their own data completeness and data quality throughout the data submission process. If an issuer discovers a data quantity or quality error, or any data error, it must notify CMS as soon as possible. If a data submission error is identified and/or CMS is notified of such an error prior to May 1, 2017, the issuer has an opportunity to correct the error. **Issuers will not be permitted to submit additional data or correct data already submitted to their respective EDGE servers after the May 1, 2017 deadline.** Failure to receive a CMS notice of a data quantity or quality issue is not a proper basis to request reconsideration under 45 CFR § 156.1220.

VII. Default Risk Adjustment Charge

Under 45 CFR § 153.740(b),⁸ the default risk adjustment charge will equal a per member per month (PMPM) amount multiplied by the plan's enrollment. As finalized in the HHS Notice of Benefit and Payment Parameters for 2017, final rule (81 FR 12204), the PMPM amount for the 2016 benefit year is set equal to the 90th percentile PMPM amount along a distribution of the absolute value of transfers under HHS risk adjustment in all States, expressed as a percentage of premium. All compliant risk adjustment covered plans in the risk pool will receive a portion of the default charges collected from a noncompliant issuer in the risk pool. The final default charge amount will be calculated from the final calculation of risk adjustment transfers. CMS expects that default charges will be invoiced on the same timeline as risk adjustment payments and charges.

If a plan subject to a default risk adjustment charge has not provided enrollment data to CMS, CMS contacts the issuer via a letter⁹ requesting an attestation of the plan's total billable member months, which will be used to calculate the default risk adjustment charge. An issuer will have 10 calendar days from the date of the letter to respond to the request for an attestation of enrollment. If an issuer does not submit attested enrollment data, CMS will estimate noncompliant plans' enrollment using available data.¹⁰

VIII. How to Notify CMS of Changes to Baseline Enrollment Data

⁸ Also described in preamble at 78 FR 65061-65062, 79 FR 13790-13791, 80 FR 10780-10781, 81 FR 12237-12238.

⁹ CMS will send one of two letters to these issuers – one letter for issuers with 90% of their baseline enrollment data submitted to the EDGE server asking the issuer to attest to the enrollment or attest to a different enrollment and one letter for issuers without 90% of their baseline enrollment data to submit enrollment.

¹⁰ CMS stated in the Program Integrity: Exchange, Premium Stabilization Programs, and Market Standards (78 FR 65062), if an issuer does not submit enrollment data, CMS will seek enrollment data from the issuer's Medical Loss Ratio (MLR) and risk corridors filings for the applicable benefit year, or, if unavailable, other reliable data sources, such as the applicable State Department(s) of Insurance.

An issuer that believes its baseline data is not accurate should resubmit its baseline data using the Baseline Reporting Process as soon as possible after identifying the error or problem. Baselines can be entered online or uploaded as a .CSV file. The web-based form is available at <https://acapaymentoperations.secure.force.com/BaselineReporting>. If you do not have the Baseline Reporting Process guidance materials, please contact RARIpaymentoperations@cms.hhs.gov for materials to assist in completing the Baseline Reporting Process, including a Guidance document, File Layout, Job Aid, and Job Aid Manual.

The issuer will receive a Multiple Response warning message when resubmitting its baseline data and must enter a brief explanation for the resubmission. The explanation field is optional, but we encourage issuers to provide an explanation as it can help CMS understand the issues (if any) you are experiencing loading data to your EDGE server.

If you encounter any technical problems submitting corrected enrollment and claims data to the EDGE server, please contact the Financial Management Coordination Center (FMCC) at edge_server_data@cms.hhs.gov.