

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850



**Center for Medicare  
Medicare Plan Payment Group**

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DATE: September 30, 2013

TO: All Medicare Advantage (MA) Organizations and Demonstrations

FROM: Cheri Rice, Director, Medicare Plan Payment Group  
Cynthia Tudor, Director, Medicare Drug Benefit and C & D Data Group

SUBJECT: Participation in 2014 HOS for MA Organizations Planning to  
Sponsor FIDE SNPs in 2015 – Response needed by Friday, November 1, 2013

Beginning in 2012, CMS began adjusting payments of fully integrated dual eligible special needs plans (FIDE SNPs) based on the average frailty of their plan enrollees. Section 3205(b) of the Affordable Care Act (ACA) allows CMS to pay a frailty adjustment to a dual eligible SNP that is both “fully integrated with capitated contracts with States for Medicaid benefits, including long-term care” **and** has a “similar average level of frailty...as the PACE program.”

In order for CMS to determine whether a FIDE SNP has a similar average level of frailty as the PACE program, CMS must be able to calculate a frailty score for each FIDE SNP. In the 2012 Rate Announcement, CMS specified that we would determine which FIDE SNPs had a similar average level of frailty as the PACE program by using the lowest frailty score of the range of applicable PACE organization frailty scores.

Frailty scores are calculated using the limitation on activities of daily living (ADL) reported by a plan’s enrollees, based on the Medicare Health Outcomes Survey (HOS) from the year previous to the payment year. For payment year 2015, CMS will use the 2014 HOS or Health Outcomes Survey-Modified (HOS-M) to determine a frailty score for FIDE SNPs. MA organizations that believe they will be sponsoring a FIDE SNP in 2015 and want to be considered for a frailty payment must participate in the 2014 HOS or HOS-M to allow for CMS to calculate their frailty score.

If an MA organization believes they will sponsor a FIDE SNP in 2015 and wishes to participate in the 2014 HOS to support the calculation of a frailty score for 2015 payment, they should email [RiskAdjustment@cms.hhs.gov](mailto:RiskAdjustment@cms.hhs.gov) with “2014 HOS – H#####” in the subject line, no later than Friday, November 1, 2013. The information you need to provide is at the end of this memo.

### **Participation in the Health Outcomes Survey for Purposes of Measuring Frailty**

Certain MA organizations may elect to participate in the 2014 HOS or HOS-M for their FIDE SNP(s). The HOS will still be fielded at the contract level for MA organizations with at least 500 enrollees to meet MA reporting requirements. For FIDE SNPs that are part of a larger MA contract, additional sampling will occur at the plan benefit package (PBP) level to calculate a frailty score for the FIDE SNP. The supplemental sampling of the FIDE SNP population will continue to be done as a secondary step once the sampling for the contract is complete.

Historically, PACE organizations, and some demonstrations, have used the HOS-M. In the past, CMS has used the HOS for FIDE SNPs, since they are MA plans that are required to participate in the HOS for purposes of measuring quality. For the 2014 survey, MA organizations that anticipate sponsoring a FIDE SNP in 2015 may have a choice of participating in either the HOS or the HOS-M at the PBP level. Generally, the choice will be determined by the number of available enrollees to sample:

1. Contract < 500 enrollees – These plans are not required participate in HOS for quality reporting purposes and the plan sponsor may choose either the HOS or HOS-M for surveying their FIDE SNP(s) for purposes of measuring frailty.
2. Contract has 500 or more enrollees and all enrollees are needed for the HOS – These plans are required to participate in HOS for quality reporting purposes and must use the HOS to survey their FIDE SNP for purposes of measuring frailty. They cannot participate in HOS-M.
3. Contract has 500 or more enrollees and, after sampling for the HOS for quality reporting, there remain 30 or more enrollees within the FIDE SNP PBP(s) who are available to be sampled – These plan sponsors may choose to either participate in the HOS or HOS-M for purposes of measuring frailty.

CMS will inform plan sponsors whether they are in category 2 or 3 during November 2013. If a plan sponsor decides to participate in the HOS or HOS-M for FIDE SNP frailty scoring, CMS will sample a minimum of 30, up to a maximum of 1,200, enrollees in each PBP in order to calculate the FIDE SNP's frailty score.

### **Requirements for Participation of a PBP in the 2014 HOS or HOS-M, for Purposes of Measuring Frailty**

Similar to previous years, the following requirements for participating in the HOS (or, if chosen, the HOS-M), are as follows:

- The contract must exist as of January 1, 2013
- The PBP that will be the FIDE SNP in 2015 must exist as of January 1, 2014
- The PBP to be surveyed in 2014 does not have to have met FIDE SNP requirements in order to be surveyed, but it should be a Dual Eligible SNP in 2014.
- The PBP to be surveyed must have at least 30 enrollees in order to participate

All HOS and/or HOS-M survey costs, including contract level sampling and any additional costs attributed to additional FIDE SNP PBP level sampling, are the responsibility of the MA organization through its HOS survey vendor contract. Please note that there is only one vendor fielding the HOS-M; thus, if a plan sponsor decides to participate in HOS-M, they must contract

with DataStat for surveying their FIDE SNP for purposes of measuring frailty. They may use a different vendor for the HOS. The National Committee for Quality Assurance (NCQA) certifies vendors that follow CMS’ methodological requirements to field the HOS and HOS-M. For more information on certified HOS survey vendors, please visit NCQA’s website at: <http://www.ncqa.org/Portals/0/HEDISQM/Programs/HOS/2013%20HOS%20Vendor%20Web%20List%2005172013.pdf>. For more information about the HOS program, please refer to <http://www.hosonline.org/>.

**Clarifications to Protocol**

Due to the way CMS uses HOS data for Star Ratings and frailty payment, three additional points should be noted about the HOS and HOS-M protocols.

1. First, no plan staff should independently contact a survey vendor to provide answers to a survey on behalf of any beneficiary. Proxy response is under the control of the beneficiary, and plan staff may complete a survey questionnaire or telephone interview only at the request of the beneficiary, a family member, or other caregiver. If CMS finds that plans do not follow these protocols, the HOS data will be considered invalid.
2. Second, while PACE organizations use enhanced patient and proxy contact information to ensure high response rates, CMS does not expect to provide enhanced contact information for FIDE SNPs or other MA organizations whether they are using the HOS or HOS-M survey instrument. CMS will continue to monitor response rates and assess the impact of using HOS-M on response rates for FIDE SNPs seeking frailty adjustment assessment.
3. Finally, MA organizations that choose to participate in the HOS-M for purposes of measuring frailty will not receive the HOS-M report or corresponding beneficiary level data that is disseminated to participating PACE organizations.

**Frailty Payment**

2015 frailty payment will be made to those FIDE SNPs that have (1) met the requirements to be a FIDE SNP, (2) at least 30 respondents to the HOS or HOS-M for the FIDE SNP, and (3) a frailty score, that meets the PACE level of frailty. Further information will be provided in the 2015 Advance Notice (to be published February 2014) and Rate Announcement (to be published April 2014).

For informational only purposes, below is the mean distribution of ADL limitations across all PACE organizations based on the 2013 HOS-M data.

0 ADLs		1-2 ADLs		3-4 ADLs		5-6 ADLs	
Medicaid	Non-Medicaid	Medicaid	Non-Medicaid	Medicaid	Non-Medicaid	Medicaid	Non-Medicaid
13.42%	0.20%	23.56%	0.26%	24.04%	0.37%	37.34%	0.82%

The frailty model captures costs associated with functional impairments in the frail elderly using limitations on ADLs to measure a dimension of health status not captured by diagnoses. The specific ADLs included in the frailty model are:

1. Bathing
2. Dressing
3. Eating
4. Getting in or out of chairs

5. Walking
6. Using the toilet

These limitations on ADLs are captured in the HOS and HOS-M surveys.

### **Participation Information**

If an MA organization anticipates sponsoring a FIDE SNP in 2015 and wants to participate in the 2014 HOS or HOS-M at the FIDE SNP level, please email the following information to [RiskAdjustment@cms.hhs.gov](mailto:RiskAdjustment@cms.hhs.gov), with “2014 HOS -- H####” in the subject line.

1. Contract number
2. PBP number for each PBP they want surveyed in 2014
3. Confirm that the PBP(s) will be Dual Eligible SNPs (or FIDE SNPs) in 2014
4. Specify whether you want to participate in HOS or HOS-M at the PBP level. If choosing the HOS-M, CMS will inform the plan sponsor in November 2013 whether their PBPs can be surveyed using the HOS-M, to allow sufficient time for sponsors to contract with a survey vendor to measure frailty.

If a MA organization later determines they want to remove their FIDE SNP from the 2014 HOS or HOS-M for the purpose of CMS determining a frailty score for 2015, they must inform [RiskAdjustment@cms.hhs.gov](mailto:RiskAdjustment@cms.hhs.gov) no later than February 3, 2014.

Further information about the 2014 HOS and HOS-M will be sent directly to participating plans from NCQA during November 2013.