



# National Health Council

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April 22, 2016

Kevin Counihan  
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7500 Security Boulevard  
Baltimore, MD 21244

Submitted electronically to [hshccraops@cms.hhs.gov](mailto:hshccraops@cms.hhs.gov)

RE: Comments on March 31, 2016, HHS-Operated Risk Adjustment Methodology Meeting Discussion Paper

Dear Director Counihan:

The National Health Council (NHC) appreciates the opportunity to submit comments on the risk-adjustment methodology options presented in the discussion to address the accuracy of the risk-adjustment methodology as implemented. The discussion paper and March 31 listening session have offered key stakeholders two opportunities to weigh in on approaches to improving the accuracy of risk adjustment, which will lead to higher quality insurance plans for people with chronic conditions and contribute to the overall viability of the marketplace.

The NHC is the only organization that brings together all segments of the health community to provide a united voice for the more than 133 million people with chronic diseases and disabilities and their family caregivers. Made up of more than 100 national health-related organizations and businesses, the NHC's core membership includes the nation's leading patient advocacy organizations, which control its governance and policy-making process. Other members include professional and membership associations, nonprofit organizations with an interest in health, and representatives from the pharmaceutical, generic drug, insurance, medical device, and biotechnology industries.

CMS' discussion paper outlines a number of approaches that would help improve the accuracy of the risk adjustment model and stabilize the individual and small group commercial markets. The risk adjustment program shares funds from plans that have healthier-than-average beneficiaries with plans enrolling patients who are less healthy than average. The ACA introduced risk adjustment as one of the "three Rs" intended to stabilize exchange markets. Unlike the two other Rs – reinsurance and risk corridors – risk adjustment is the only one of these market-stabilizing programs that is permanent.

Therefore, the accuracy of the risk adjustment program after 2016 is vital to ensuring that patients can continue to access health plans that meet the breadth of their complex health care needs. By adequately compensating insurance companies that have a higher proportion of people with complex needs, they will be more capable to offer robust plans and less likely to introduce plan design elements that discriminate against people with chronic conditions. Creating a system that makes it profitable to insure all people – not just the healthiest beneficiaries – will allow insurers to compete with one another on the basis of quality.

Additionally, while the ACA affords individuals a right to purchase health insurance through the exchanges, the law does not require health insurers to offer such plans. If the risk adjustment model fails to make accurate transfer payments to plans, there is an increased likelihood that health plans will have to exit the exchange market. As a result, patients may find they have less access to essential treatments and therapies. The NHC recognizes that an accurate risk adjustment model will promote greater stability of the exchange market and is a crucial part of CMS' role in helping to ensure that patients have access to comprehensive, affordable health care, no matter their health status. The NHC believes that any potential policy changes aimed at increasing the accuracy of the risk adjustment model are crucial to the future sustainability of the exchange market.

Specifically, the NHC supports CMS' proposal to include prescription drug information in the risk adjustment model in order to increase the model's accuracy. We concur with CMS that the inclusion of prescription drug data in the model may help to more accurately identify the health conditions experienced by plans enrollees. Additionally, adding prescription drug use to the model could allow the model to adjust for the severity of certain diseases, since drugs are often indicative of the level of care each patient requires. Further, adding prescription drug use to the model may allow plans to identify patients with chronic conditions earlier in a plan year, which could allow them to offer better care management to those patients across a longer timeframe than otherwise would be the case.

In order to ensure that patients continue to receive affordable drugs and services, NHC supports CMS' suggested policy changes that will ensure that patients in exchange plans have appropriate risk adjustment scores, thus continuing to promote the overall sustainability of the exchange market.

Thank you again for including our comments in your discussion to improve care for the chronically ill. Please do not hesitate to contact Eric Gascho, NHC Vice President of Government Affairs, if you or your staff would like to discuss these issues in greater detail. He is reachable by phone at 202-973-0545 or via email at [egascho@nhcouncil.org](mailto:egascho@nhcouncil.org).

Sincerely,



Marc M. Boutin, JD  
Chief Executive Officer