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**Date:** November 15, 2018

**From:** Center for Consumer Information & Insurance Oversight (CCIIO)  
Centers for Medicare & Medicaid Services (CMS)

**Subject:** **Evaluation of EDGE Data Submissions for the 2018 Benefit Year**

## **I. Purpose**

In the Department of Health and Human Services (HHS) Notice of Benefit and Payment Parameters for 2017 final rule (81 FR 12204 at 12234-12235), the Centers for Medicare & Medicaid Services (CMS) stated that it would issue annual guidance describing the thresholds CMS will use under 45 CFR 153.710(f) to evaluate the sufficiency of EDGE server data for a given benefit year, including the format and timeline for baseline data submission. In this bulletin, we describe the operational processes and metrics for when and 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 2018 benefit year.

CMS will use this evaluation to (1) determine which States will receive 2018 benefit year interim risk adjustment summary reports in March 2019, (2) determine which issuers will receive the 2018 benefit year interim transfer reports, and (3) determine which issuers will be included in final risk adjustment transfer calculations or be assessed a default risk adjustment charge in a State market risk pool and which issuers would receive high-cost risk pool (HCRP) payments and charges for the 2018 benefit year. **Notwithstanding the process described below, each issuer remains responsible for ensuring the completeness and accuracy of the 2018 benefit year data submitted and accepted to its EDGE server by the final data submission deadline at 4 p.m. EDT on Tuesday, April 30, 2019.**

## **II. Background**

The integrity of transfers under the HHS-operated risk adjustment program<sup>1</sup> depends upon the completeness and accuracy of data submitted by issuers to their EDGE servers. For example, insufficient EDGE server data submission for one issuer can materially affect the risk adjustment transfers for all other issuers in a risk pool within a State.

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<sup>1</sup> For the 2018 benefit year, HHS operates risk adjustment in all 50 states and the District of Columbia. See the HHS Notice of Benefit and Payment Parameters for 2018; Proposed Rule; 81 FR 61455 at 61467 (September 6, 2016).

Under 45 C.F.R. §§ 153.710(f) and 153.740(b), if an issuer of a risk adjustment covered plan fails to establish an EDGE server, fails to submit sufficient data, or fails to provide HHS with access to the required data on the EDGE server, such that CMS cannot apply the applicable Federally-certified risk adjustment methodology, a default risk adjustment charge will be assessed. Issuers are required to meet sufficient quantity and quality for enrollment and claims data submitted to their EDGE servers.<sup>2</sup> CMS will evaluate data on an EDGE server for sufficient quantity and quality throughout the data submission process, including while conducting analysis for the interim risk adjustment summary report. If the data submitted by January 17, 2019 is determined to be sufficient, CMS will calculate and provide interim transfer estimates for that issuer.

Beginning with the 2018 benefit year, CMS is implementing a HCRP calculation as part of the HHS-operated risk adjustment program, which will utilize issuer EDGE server data submissions.<sup>3</sup> The HCRP payments and charges are determined by market across all States on whose behalf HHS is operating the risk adjustment program – an individual market high-cost risk pool (including non-catastrophic, catastrophic, and merged market plans) and a small group market high-cost risk pool. The integrity of the payments and charges for the HCRP calculation also depends upon the completeness and accuracy of the data submitted by issuers to their EDGE servers. Additionally, new in the 2018 benefit year, the adult risk adjustment models under the HHS-operated risk adjustment program will incorporate prescription drug utilization data to impute missing diagnoses, indicate severity of illness and reflect costs incurred by plans for medications for their enrollees in plans' risk scores.<sup>4</sup>

### ***Interim Risk Adjustment Report***

The 2018 benefit year interim risk adjustment report will be published in March 2019. For a State to be included in this public report, all credible issuers must meet the applicable thresholds for both the quantity and quality evaluations. An issuer is considered credible in a State market risk pool if it has 0.5% or more of market share. Issuers with data submissions determined to be sufficient will receive interim transfer estimates even if the State is not eligible for inclusion in the public report. CMS will use an issuer's EDGE server data as of January 17, 2019 to complete these data evaluations.

### ***Final Risk Adjustment Report***

The 2018 benefit year final summary risk adjustment report will be published by June 28, 2019. Any issuer not meeting sufficient data quantity or quality thresholds will be assessed a default risk adjustment charge and may forgo HCRP payments it may otherwise have been eligible to receive.<sup>5</sup> When all issuers meet data sufficiency requirements, CMS is able to provide reliable State average and issuer-specific risk scores and thus, ensure the integrity of final risk adjustment transfers. In the event that, , CMS discovers that an issuer submitted materially incorrect EDGE data after the calculation of final risk adjustment transfers, CMS will adjust the issuer's risk

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<sup>2</sup> See 45 CFR § 153.710(f)(1) and (f)(2).

<sup>3</sup> See the HHS Notice of Benefit and Payment Parameters for 2018; Amendments to Special Enrollment Periods and the Consumer Operated and Oriented Plan Program; Final Rule; 81 FR 94058 at 94080 (December 22, 2016).

<sup>4</sup> See 81 FR at 94074.

<sup>5</sup> If an issuer fails the data quality analysis and is assessed a default charge under 45 CFR 153.740(b) on that basis, CMS will perform additional data quality metrics (described below) to determine the issuer's eligibility for HCRP adjustments. See 81 FR 94081.

adjustment transfers to make other issuers in the State market risk pool whole. For more information about how CMS will adjust transfers for incorrect EDGE data, please refer to Section VII.

### **III. Data Quantity Evaluation Process**

For the 2018 benefit year, CMS will continue to use a 90% enrollment data and 90% claims data (non-orphaned medical and pharmacy claims) threshold for an issuer to meet data quantity sufficiency. CMS will compare issuer self-reported baseline data by State market to the issuer's EDGE data to determine data quantity sufficiency for enrollment and claims data for a given benefit year.

CMS will complete these data quantity evaluations throughout the data submission window for the 2018 benefit year, which ends at **4 p.m. EDT on Tuesday, April 30, 2019**. After each data submission deadline discussed below and until data quantity sufficiency is met, all CEO Designates and Alternate CEO Designates will be notified by email of their data quantity status, the potential implications of failing to meet data quantity sufficiency, and possible resolutions to mitigate data insufficiencies. After the final data submission deadline, an issuer of a risk adjustment covered plan that fails to meet data quantity sufficiency will be subject to a default risk adjustment charge,<sup>6</sup> if the default charge is a smaller charge than the issuer would have received otherwise. Issuers who do not meet data quantity sufficiency will move to the data quality metrics to determine eligibility for HCRP payments. Issuers that receive a default risk adjustment charge for not meeting data sufficiency will not be assessed an HCRP charge, unless they are determined to be eligible for HCRP payments.

CMS will generally conduct data quantity evaluations across all issuers after CMS receives the summary EDGE server data from the weekly EDGE server command execution. In addition, for the 2018 benefit year, there are four (4) ongoing data quantity evaluations and one (1) final data quantity evaluation using an issuer's most recent data available at each data submission deadline<sup>7</sup>: *October 25, 2018, December 6, 2018, January 17, 2019, February 28, 2019 and April 30, 2019*.

#### ***October 25, 2018***

- Issuers must have submitted and accepted to their EDGE server 90% enrollment and 90% claims (non-orphan medical and pharmacy claims) for 2 quarters of 2018 benefit year data by this date.
- Following the CMS data quantity evaluation, issuers will be notified of their status.
  - Issuers in a failed status will be notified of potential implications if they continue to be in a failed status (*i.e.* issuer and State not eligible for the interim risk adjustment summary report).
  - Issuers in a passed status will continue to the CMS data quality evaluation.

#### ***December 6, 2018***

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<sup>6</sup> See 45 CFR 153.710(f) and 153.740(b).

<sup>7</sup> See [https://www.regtap.info/reg\\_librarye.php?i=2243](https://www.regtap.info/reg_librarye.php?i=2243)

- Issuers must have submitted and accepted to their EDGE server 90% enrollment and 90% claims (non-orphan medical and pharmacy claims) for **3** quarters of 2018 benefit year data by this date.
- Following the CMS data quantity evaluation, issuers will be notified of their status.
  - Issuers in a failed status will be notified of potential implications if they continue to be in a failed status (*i.e.* issuer and State not eligible for the interim risk adjustment summary report), and have until *January 17, 2019*, to meet data quantity sufficiency to be considered for interim risk adjustment transfer estimates and the interim risk adjustment summary report.
  - Issuers in a passed status will continue to the CMS data quality evaluation.

***January 17, 2019 (Data for Interim Risk Adjustment Summary Report)***

- **Issuers' data as of January 17, 2019 will be used to determine eligibility for interim risk adjustment transfer estimates and the interim risk adjustment summary report. If an issuer does not pass either the quantity evaluation or the quality evaluation as described below, the issuer will not be eligible for interim risk adjustment transfer estimates. All credible issuers in a State market risk pool must meet the applicable thresholds for the quantity and quality evaluations for the State to be included in the interim risk adjustment summary report.**
- Issuers must have submitted and accepted to their EDGE servers 90% enrollment and 90% claims (non-orphan medical and pharmacy claims) for **3** quarters of 2018 benefit year data by this date.
- Following the CMS data quantity evaluation, issuers will be notified of their status.
  - Issuers in a failed status will be notified of potential implications if they continue to be in a failed status (*i.e.* default risk adjustment charge and may forgo HCRP payments). These issuers will not receive interim risk adjustment transfer estimates. In addition, if such issuer(s) exceeds 0.5% of market share for the State market risk pool as determined by number of enrollees covered, CMS will not consider the State to be credible and will not include the State in the 2018 benefit year interim risk adjustment summary report. The State will only be included in the final risk adjustment summary report that will be provided by June 28, 2019.
  - Issuers in a passed status will continue to the CMS data quality evaluation.

***February 28, 2019***

- Issuers must have submitted and accepted to their EDGE servers 90% enrollment and 90% claims (non-orphan medical and pharmacy claims) of all **4** quarters of 2018 benefit year data.
- Following the CMS data quantity evaluation, issuers will be notified of their status.
  - Issuers in a failed status will be notified of potential implications if they continue to be in a failed status (*i.e.* default risk adjustment charge and may forgo HCRP payments) and should take the necessary steps to meet the quantity thresholds *as soon as possible* so CMS can complete the data quality evaluation.
  - Issuers in a passed status will continue to the CMS data quality evaluation.

***April 30, 2019 (Final Quantity Evaluation)***

- **Issuers' data as of April 30, 2019 will be used to determine inclusion in risk adjustment transfer calculations and HCRP calculations for the 2018 benefit year. If issuers do not meet data quantity sufficiency, 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%) will be subject to a default risk adjustment charge if the default charge is smaller than the charge it would have otherwise received.** Issuers failing to submit sufficient data by the final data submission deadline may forgo HCRP payments.

- Issuers must have submitted and accepted to their EDGE servers 90% enrollment and 90% claims (non-orphan medical and pharmacy claims) for **all 4** quarters of 2018 benefit year data by April 30, 2019.
- Following the CMS data quantity evaluation, issuers will be notified of their final status.
  - All issuers that meet data quantity sufficiency will be moved to the final CMS data quality evaluation.
  - If an issuer has not met data quantity sufficiency and is subject to the default risk adjustment charge, the issuer will be formally notified of the default charge after the final benefit year data quantity status notification. CMS will perform additional data quality evaluations (described below) for issuers that have not met the data quantity sufficiency threshold to determine the issuer’s eligibility for HCRP payments and charges.

***How to Remedy a Data Quantity Issue***

An issuer that fails to meet data quantity sufficiency can take the following actions at any time prior to the *4 p.m. EDT April 30, 2019*, final data submission deadline:

- Correct or update the data on their respective 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 your EDGE server, please contact the Financial Management Coordination Center (FMCC) at [Edge\\_server\\_data@cms.hhs.gov](mailto:Edge_server_data@cms.hhs.gov).

**IV. Data Quality Evaluation Process**

CMS will generally assess issuers’ data quality sufficiency throughout the 2018 benefit year data submission window using the process and metrics in the *Data Quality Evaluation Metrics* table set forth below.

<b>Data Quality Evaluation Metrics</b>	
<b>Key Metrics</b>	<b>Area</b>
Average number of medical claims per enrollee	<b>EDGE Claims/Enrollment</b>
Percent of enrollees without claims	
Percent of medical claims that are institutional claims	
Average number of pharmacy claims per enrollee	
Enrollment for On-Exchange Plans on EDGE compared to other various Enrollment data sources	
Percent of all enrollees with at least one Hierarchical Condition Category (HCC)	<b>Risk Adjustment<sup>8</sup></b>

<sup>8</sup> Risk adjustment premium metrics will also be applicable to the HCRP evaluation metrics.

<b>Data Quality Evaluation Metrics</b>	
<b>Key Metrics</b>	<b>Area</b>
Average number of conditions per enrollee with at least one HCC	
Issuer average risk score	
Average number of diagnosis codes per medical claim	
Premium data comparison between EDGE and other sources	
Historical EDGE average premium per member per month	
Percent of all enrollees with at least one RXC	
Percent of pharmacy claims that result in RXCs	
Average number of RXCs for enrollees with RXCs	
Prevalence of all enrollees with HCRP payments	<b>High-Cost Risk Pool<sup>9</sup></b>
Average HCRP payment per enrollee receiving HCRP payment	

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

- Issuers, by market, will be divided into two group sizes: issuers with fewer than 10,000 enrollees, and issuers with 10,000 enrollees or more.
- A national distribution by market for all metrics and combinations of metrics to identify interactions at the market level will be used for each group size.
- A technical committee composed of actuaries and risk adjustment experts will establish outlier thresholds for those distributions.
- The technical committee will consider the justifications from issuers identified as outliers.

For the 2018 benefit year interim risk adjustment summary report, the technical review will consider justifications received from identified data quality outliers beginning in November 2018 through January 2019 when evaluating outliers for States to be included in the interim risk adjustment report and for issuers to receive interim risk adjustment transfer estimates.

CMS will generally conduct ongoing and final data quality evaluations on data submitted between November 2, 2018, and April 30, 2019 to determine data quality sufficiency for inclusion in the 2018 benefit year risk adjustment transfer and HCRP calculations. CMS will send outlier notifications to inform applicable issuers that they have been identified as a potential quality outlier. The notification will include a link to complete the “EDGE Server Data Quality Outlier Justification Submission Web Form” and indicate the issuer’s response timeframe.

Following notification, issuers must take the following actions:

- Complete the “EDGE Server Data Quality Outlier Justification Submission Web Form” within 10 calendar days of receiving outlier notification by either submitting a suitable justification for the relevant data anomalies or providing a date by which any data issues will be resolved. Justifications should include relevant detail and actuarial data as necessary to prove the issuer’s case with respect to the metric(s) in which the issuer was identified as an

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<sup>9</sup> If an issuer has not met data quantity sufficiency and is subject to the default risk adjustment charge, CMS will evaluate the issuer’s data quality using metrics in the above chart, including but not limited to the HCRP metrics, to evaluate the issuers’ premiums and claims submissions and to determine the issuer’s eligibility for HCRP payments and charges. If determined eligible for HCRP payments, the issuer will also owe an HCRP charge. If the issuer receives a default charge and is not eligible for HCRP payments, then the issuer will not owe an HCRP charge.

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) by the date agreed upon with CMS, if the outlier analysis indicates a data error.

CMS will generally conduct data quality evaluations across all issuers after CMS receives the summary EDGE server data from the weekly EDGE server command execution. There are five (5) data submission deadlines and ongoing data quality evaluations that occur using an issuer's most recent data so that any data quality concerns can be resolved by the next data submission deadline as follows: *October 25, 2018, December 6, 2018, January 17, 2019, February 28, 2019 and April 30, 2019.*

#### ***Beginning October 25, 2018***

- If CMS identifies an issuer to be an outlier in any of the metrics listed above, CMS will send written notifications to CEO designates and alternate CEO designates approximately one week after the EDGE Server command runs,<sup>10</sup> requesting the issuer complete the "EDGE Server Data Quality Outlier Justification Submission Web Form" within 10 calendar days of receiving the notification of the outlier.
- If the outlier indicates a data error, the issuer must update or correct the data on their EDGE servers *as soon as possible, but no later than December 6, 2018 when 3 quarters of Benefit Year 2018 data is due.*
- **All quality outliers must be resolved by January 17, 2019 for an issuer to receive its interim risk adjustment transfer estimates, and, if the issuer is credible, for the State market risk pool for a State to be included in the interim risk adjustment summary report.**

#### ***December 6, 2018***

- If CMS identifies an issuer to be an outlier in any of the metrics listed above, CMS will send written notifications to CEO designates and alternate CEO designates approximately one week after the risk adjustment command run, requesting the issuer complete the "EDGE Server Data Quality Outlier Justification Submission Web Form" within 10 calendar days of receiving the notification of the outlier.
- If the outlier indicates a data error, the issuer must update or correct the data on their EDGE servers *as soon as possible but no later than February 28, 2018 when 4 quarters of Benefit Year 2018 data is due.*

**All quality outliers must be resolved by January 17, 2019 for an issuer to receive its interim risk adjustment transfer estimates and for all credible issuers in a State market risk pool for a State to be included in the interim risk adjustment summary report.**

#### ***January 17, 2019 (Data for Interim Risk Adjustment Summary Report)***

- If CMS identifies an issuer to be an outlier in any of the metrics listed above, CMS will send written notifications to CEO Designates and Alternate CEO Designates approximately one week after the interim command execution. Upon receipt of the outlier notification, the issuer must complete the "EDGE Server Data Quality Outlier Justification Submission Web Form" within 10 calendar days.

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<sup>10</sup> [2018 Benefit Year EDGE Key Milestone, Command Deployment and Plan Data Submission Dates.](#)

- For an issuer that fails to provide an acceptable justification within 10 calendar days or the outlier indicates a 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 for the State market risk pool as determined by the number of enrollees covered. In addition, the issuer will not receive interim risk adjustment transfer estimates.

***Beginning February 28, 2019***

- If CMS identifies an issuer to be an outlier in any of the metrics listed above, CMS will send written notifications to CEO Designates and Alternate CEO Designates approximately one week after the risk adjustment command run, the issuer must complete the “EDGE Server Data Quality Outlier Justification Submission Web Form” within 10 calendar days of receiving notification of the outlier.
- If the outlier indicates a data error, the issuer must update or correct the data on their EDGE servers *as soon as possible, but no later than April 30, 2019.*

***April 30, 2019 (Final Data Quality Evaluation)***

- If CMS identifies an issuer to be an outlier in any of the metrics listed above, CMS will send written notifications to CEO Designates and Alternate CEO Designates approximately one week after the final command execution. Upon receipt of the outlier notification, the issuer must complete the “EDGE Server Data Quality Outlier Justification Submission Web Form” within 10 calendar days.
- Issuers cannot correct any data errors or submit new data to their EDGE server at this time.

CMS does not expect that many issuers will be identified as outliers for the first time during the final data quality evaluation following the **April 30, 2019**, final data submission deadline. 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 just before the final data submission deadline. If an issuer’s data is identified as a data quality outlier in any of the metrics above following the final risk adjustment data submission deadline on April 30, 2019, and that issuer does not have a previously submitted acceptable justification, CMS will provide a final opportunity for the issuer to submit a justification for CMS review and will also require the issuer to attest to the accuracy of its data. However, the issuer will not be permitted to correct data errors or submit new data to its EDGE server at this time.

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” data quality outlier, such as only submitting one diagnosis per claim or failing to correct claims data, 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” data quality outlier or having a premium outlier that is “low” or “high,” then the issuer will be subject to the default risk adjustment charge, or other appropriate adjustments may be made to its risk adjustment transfer amounts.<sup>11</sup>

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<sup>11</sup>See, “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>.

- For purposes of HCRP, issuers who receive a default risk adjustment charge and have no HCRP payment will not be assessed an HCRP charge. Issuers who receive a default risk adjustment charge and receive an HCRP payment will be assessed an HCRP charge.

### ***How to Remedy a Data Quality Issue***

An issuer identified as having data quality issues can take the following actions at any time prior to the **4 p.m. EDT April 30, 2019** final data submission deadline:

- Correct and resubmit enrollment or claims data, and
- Complete the “EDGE Server Data Quality Outlier Justification Submission Web Form” within 10 calendar days of receiving outlier notification by either submitting a suitable justification for the relevant data anomalies and/or providing a date by which any data quality issues will be resolved.

If you encounter any technical problems correcting or submitting updated enrollment or claims data to the EDGE server, please contact the Financial Management Coordination Center (FMCC) at [edge\\_server\\_data@cms.hhs.gov](mailto:edge_server_data@cms.hhs.gov).

## **V. Issuer Responsibility**

The data quantity and quality analysis set forth above will assist CMS with ensuring the integrity of the risk adjustment program, but the issuer remains responsible for ensuring the completeness and accuracy of the data submitted to its EDGE server by the applicable data submission deadline. It is imperative that issuers review their EDGE reports and monitor their own data quantity and quality throughout the data submission process. If an issuer discovers any data error during the data submission period, it must notify CMS as soon as possible. **Issuers will not be permitted to submit additional data or correct data already submitted to their respective EDGE servers after the April 30, 2019 deadline.** Failure to receive a notice from CMS of a data quantity or quality issue is not a proper basis to request reconsideration under 45 CFR § 156.1220.

## **VI. Default Risk Adjustment Charge**

Under 45 CFR § 153.740(b), 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 at 12237), the PMPM amount is equal to the product of the statewide average premium PMPM for a risk pool and the 90<sup>th</sup> percentile plan risk transfer amount along a distribution of the absolute value of transfers in all States where HHS operates risk adjustment, expressed as a percentage of premium.<sup>12</sup> All compliant risk adjustment covered plans in the state market risk pool, where there is at least one default risk adjustment charge issuer, will receive a portion of the default charges collected from the default risk adjustment issuer in the risk pool. The final default charge amount(s) will be calculated from the final calculation of risk adjustment transfers in all States where HHS operates risk adjustment. CMS expects that default charges will be invoiced on the same timeline as other risk adjustment payments and charges.

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<sup>12</sup> For small issuers (that is, issuers with 500 billable member months or fewer statewide), the default risk adjustment charge is assessed at 14 percent of statewide average premium. See 81 FR 12237.

If a plan subject to a default risk adjustment charge has not provided enrollment data to CMS, CMS will contact the issuer via a letter<sup>13</sup> requesting an attestation of the plan's total billable member months, which will be used to calculate the default risk adjustment charge, or requesting submission of enrollment data to the issuer's EDGE server. 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 an attestation for its enrollment data, CMS will estimate the noncompliant plans' enrollment using available alternative data source(s).<sup>14</sup>

## **VII. Adjustment to Risk Adjustment Transfers Due to Submission of Incorrect Data**

CMS has implemented a process to address materially incorrect EDGE data submissions that affect risk adjustment calculations.<sup>15</sup> In general, risk adjustment transfers within a state market risk pool are based on the relative risk scores of issuers in the risk pool, with the risk adjustment transfers calibrated based on the average premium in the state market risk pool. An overstatement or understatement of diagnoses or other factors driving an issuer's risk score will have a uniform effect on the risk adjustment transfers for the other issuers in the state market risk pool (that is, it will result in either a lower or higher risk adjustment charge, or higher or lower risk adjustment payment, for all issuers). However, an overstatement or understatement of premium data may affect some issuers differently than others, because it will lead to an increase or decrease in the absolute value of the magnitude of the transfers in the state market risk pool (and will affect the calculation of the geographic rating area factors).

Where CMS has been made aware that an issuer has submitted incorrect EDGE server claims or diagnosis data that will have the effect of understating an issuer's plan average risk score, and thus negatively affecting the issuer without having a negative effect on other issuers within the state market risk pool, we have not permitted the issuer to submit supplementary data after the final data submission deadline. Our EDGE server deadlines are clear, and we believe it is critical to the efficient operation of the risk adjustment program for issuers of risk adjustment covered plans in a state market risk pool to adhere to those deadlines. Unlike a misstatement of premiums, which affects the statewide average premium upon which all transfers in the risk pool are derived, the inability of an issuer to submit all claims or diagnosis data results in a lower risk score than the issuer would have received, thereby only negatively impacting the issuer that did not submit all claims. We have required issuers to adhere to the initial data submission, and to

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<sup>13</sup> 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 their reported enrollment data or attest to a different enrollment amount for the applicable benefit year; and one letter for issuers without 90% of their baseline enrollment data submitted to the EDGE server asking the issuer to submit enrollment.

<sup>14</sup> CMS stated in the Program Integrity: Exchange, Premium Stabilization Programs, and Market Standards final rule, 78 FR 65045 at 65062 (October 30, 2013), if an issuer does not submit enrollment data, CMS will seek enrollment data from the issuer's Medical Loss Ratio (MLR) filings for the applicable benefit year, or, if unavailable, other reliable data sources, such as the applicable State Department(s) of Insurance.

<sup>15</sup> <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/RA-Adjustment-Guidance-9-2-15.pdf>.

accept the consequences of the data submission, even where the monetary impact of the inaccuracy on the issuer submitting incorrect data may be substantial.<sup>16</sup>

However, if an issuer has submitted incorrect EDGE server premium data, that action will increase or decrease the magnitude of risk adjustment transfers to other issuers in the state market risk pool depending on the direction of the premium error, holding constant the other elements of the state payment transfer formula. We will similarly require an issuer that has submitted incorrect EDGE server premium data to adhere to its initial data submission, and to accept the consequences of the submission, even where the monetary impact of the inaccuracy on the issuer may be substantial. However, in cases where there is a material impact on risk adjustment transfers for that particular state market risk pool as a result of incorrect EDGE server premium data, we will calculate the dollar value of differences in risk adjustment transfers where the difference is detrimental to another issuer in the state market risk pool, adjust that other issuer's risk adjustment transfer amount by that calculation, and increase the risk adjustment charge (or decrease the risk adjustment payment) to the issuer making the data error, in order to balance the state market risk pool.<sup>17</sup>

We believe this operational approach best serves to balance the need to operate the risk adjustment program efficiently, while ensuring that issuers do not profit from their data submission errors or harm their competitors in the relevant state market risk pool.<sup>18</sup>

## **VIII. How to Notify CMS of Changes to Baseline Data**

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. Baseline data can be entered online or uploaded as a .CSV file. The web form is available at <https://acapaymentoperations.secure.force.com/BaselineReporting>. If the issuer does not have the Baseline Reporting Process guidance materials, please contact [RARIPaymentoperations@cms.hhs.gov](mailto: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 CMS encourages issuers to provide an explanation if experiencing issues loading data on to their EDGE server.

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<sup>16</sup> An exception would be if CMS were made aware of claims or diagnosis data that would have the effect of overstating an issuer's plan average risk score, we would calculate the excess amount received by the issuer, and redistribute that amount to the other issuers in the market, avoiding the need to have all issuers in a market reactivate their EDGE servers and to recalculate all transfers within a state market risk pool, while ensuring that the issuer with the overstated data does not profit by its error.

<sup>17</sup> Calculation of the dollar value will include adjustment to the statewide premium average and, to the extent possible, adjustment to the geographic cost factor.

<sup>18</sup> We also note that if an issuer of a risk adjustment covered plan fails to provide us with access to the required data through an EDGE server in accordance with our regulations, such that we cannot apply the applicable Federally certified risk adjustment methodology to calculate the transfer amount for the risk adjustment covered plans in a timely fashion, we will assess a default risk adjustment charge pursuant to 45 CFR § 153.740(b).

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](mailto:edge_server_data@cms.hhs.gov).

**IX. Appendix: Schedule of Steps in the Evaluation Process for Data Quantity and Quality**

From October 25, 2018 through April 30, 2019, CMS will generally 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. **NOTE:** submission deadlines pertaining to enrollment in the table below refer to submitting at least 90% of enrollment for the *entire benefit year*. Deadlines for certain *quarters* of data refer to claims submission only.

<b>STEP</b>	<b>DATE</b>	<b>DESCRIPTION</b>
<b>EDGE 1<sup>st</sup> Submission Deadline</b>	<b>October 25, 2018</b>	<b>90% Enrollment and Claims for Quarters 1 and 2</b>
Data Quantity Evaluation Notification	Approximately one week after 1 <sup>st</sup> submission Deadline	<b>Notification of EDGE Data Quantity Status:</b> CMS notifies issuers of their data quantity status based on EDGE server data after the EDGE 1 <sup>st</sup> Submission Deadline.
Data Quality Evaluation Notification	Approximately November 9, 2018	<b>EDGE Data Quality Evaluation Outlier Notification:</b> CMS contacts issuers identified as potential outliers based on analysis of risk adjustment data on an issuer's EDGE server as of the EDGE 1 <sup>st</sup> Submission Deadline.
Data Quality Evaluation Justification Submission	10 days after notification	<b>Response Due to EDGE Data Quality Evaluation Outlier Notification:</b> Issuers notified as outliers must submit a justification of data anomalies or a date by which any data issues will be resolved.
<b>EDGE 2<sup>nd</sup> Submission Deadline</b>	<b>December 6, 2018</b>	<b>90% Enrollment and Claims for Quarters 1, 2 and 3</b>
Data Quantity Evaluation Notification	Approximately one week after 2 <sup>st</sup> submission Deadline	<b>EDGE Data Quantity Status Notification:</b> CMS notifies issuers of their data quantity status based on EDGE server data after the EDGE 2 <sup>nd</sup> Submission Deadline.
Data Quality Evaluation Notification	Approximately December 14, 2018	<b>EDGE Data Quality Evaluation Outlier Notification:</b> CMS contacts issuers identified as potential outliers based on analysis of risk adjustment data on issuer's EDGE server as of the EDGE 2 <sup>nd</sup> Submission Deadline.
Data Quality Evaluation Justification Submission	10 days after notification	<b>Response Due to EDGE Data Quality Evaluation Outlier Notification:</b> Issuers notified as outliers must

STEP	DATE	DESCRIPTION
		submit a justification of data anomalies or a date by which any data issues will be resolved.
<b>EDGE 3<sup>rd</sup> Submission Deadline</b> ( <i>Final Deadline for Interim Report</i> )	<b>January 17, 2019</b>	<b>90% Enrollment and Claims</b> for <u>Interim Risk Adjustment Summary Report (Quarters 1, 2, 3)</u>
Data Quantity Evaluation Notification	Approximately one week after 3 <sup>rd</sup> submission Deadline	<b>EDGE Data Quantity Status Notification:</b> CMS notifies issuers of their data quantity status based on EDGE server data as of the EDGE 3 <sup>rd</sup> Submission Deadline. <i>Interim risk adjustment summary reports in a State(s) market risk pool(s) with credible issuer(s) that lack sufficient data will not be included in the public report. These issuers will also not receive interim risk adjustment transfer estimates.</i>
Data Quality Evaluation Notification	Approximately January 25, 2019	<b>Interim Risk Adjustment EDGE Data Quality Evaluation Outlier Notification:</b> CMS contacts issuers identified as potential outliers based on analysis of risk adjustment data on issuer's EDGE server as of the EDGE 3 <sup>rd</sup> Submission Deadline.
Data Quality Evaluation Justification Submission	10 days after notification	<b>Response Due to Interim Risk Adjustment EDGE Data Quality Evaluation Outlier Notification:</b> Issuers notified as outliers must submit a justification of data anomalies. <i>Interim risk adjustment summary reports in a State(s) market risk pool(s) with credible issuer(s) that lack sufficient data will not be included in the public report. These issuers will also not receive interim risk adjustment transfer estimates.</i>
<b>EDGE 4<sup>th</sup> Submission Deadline</b>	<b>February 28, 2019</b>	<b>90% Enrollment and Claims for ALL 4 Quarters</b>
Data Quantity Evaluation Notification	Approximately one week after 4 <sup>th</sup> submission Deadline	<b>EDGE Data Quantity Status Notification:</b> CMS notifies issuers of their data quantity status as of the EDGE 4 <sup>th</sup> Submission Deadline.
Data Quality Evaluation Notification	Approximately March 8, 2019	<b>EDGE Data Quality Evaluation Outlier Notification:</b> CMS contacts issuers identified as potential outliers based on analysis of risk adjustment data on issuer's EDGE server as of the EDGE 4 <sup>th</sup> Submission Deadline.
Data Quality Evaluation Justification Submission	10 days after notification	<b>Response Due to EDGE Data Quality Evaluation Outlier Notification:</b> Issuers notified as outliers must submit a justification of data anomalies.

<b>STEP</b>	<b>DATE</b>	<b>DESCRIPTION</b>
<b>Release of <u>Interim</u> Risk Adjustment Summary Report</b>	<b>March 2019</b>	<b>CMS releases interim risk adjustment summary report for State market risk pools where all credible issuers have submitted sufficient data. Issuers who pass data quantity and quality thresholds receive interim risk adjustment transfer estimates.</b>
<b>EDGE Final Submission Deadline</b>	<b>April 30, 2019</b>	<b>Final Data Submission</b>
Final Data Quantity Evaluation	Approximately one week after final submission Deadline	<b>Final EDGE Data Quantity Status Notification:</b> After the EDGE final data submission deadline, <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 April 30, 2019, 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.</i>
Final Data Quality Evaluation	Approximately May 8, 2019	<b>Final EDGE Data Quality Status Notification:</b> CMS contacts issuers newly deemed potential outliers after CMS conducts an analysis of the final EDGE data submissions. <i>Issuers notified as outliers who fail to submit justifications or for whom the justification is not accepted may receive a default risk adjustment charge and may forgo a HCRP payment.</i>
Final Data Quality Evaluation Justification Submission	10 Calendar Days from Final EDGE Data Quality Status Notification <sup>19</sup>	<b>Response due to Final EDGE Data Quality Evaluation Outlier Notification(s):</b> Issuers newly notified as outliers must submit justifications of data anomalies by the date(s) specified in their respective notices. Issuers with unexplained outliers after the final deadline must submit justification of data anomalies within 10 calendars days from the Final EDGE Data Quality Status Notification. <i>Issuers notified as outliers who fail to submit justifications or for whom the justification is not accepted may receive a default risk adjustment charge and may forgo a HCRP payment.</i>
<b>Final Risk Adjustment Report</b>	<b>June 28, 2019</b>	<b>CMS releases the final risk adjustment summary report</b>

<sup>19</sup> May 21, 2019 will be the approximate date by which final EDGE discrepancy reports and issuer attestations will be due for 2018 benefit year EDGE server data submissions. CMS intends to issue future guidance and hold webinars on the attestation and discrepancy reporting process for 2018 benefit year data submissions in May 2019. 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 after the final data submission deadline.