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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 2015 Benefit Year

I. Purpose

This bulletin provides guidance on the operational processes that the Centers for Medicare & Medicaid Services (CMS) will use to evaluate issuers' EDGE server data for the 2015 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 overall program integrity, however, the process set forth below does not alleviate an issuer's responsibility to ensure the completeness and accuracy of the data submitted to its EDGE server by the applicable deadline.

II. Background

The integrity of payments and charges under the HHS-operated risk adjustment program and payments under the 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. The reinsurance implications of failing to submit complete and accurate data by the data submission deadlines could be inadequate compensation of reinsurance eligible costs.

Under 45 CFR 153.740(b), if an issuer of a risk adjustment covered plan 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 CFR 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 forgo the benefit of reinsurance payments that it otherwise might have received.

In the “Evaluation of EDGE Data Submissions for 2015 Benefit Year for Interim Reinsurance Payments and Interim Risk Adjustment Summary Report Bulletin,” published on January 20, 2015, CMS set forth the analysis it used to determine whether an issuer has provided access to EDGE server data that is sufficient for CMS to calculate interim reinsurance payments and release an interim risk adjustment summary report in a specific State and market.¹ In this bulletin, we similarly describe how CMS intends to evaluate the sufficiency of data in terms of “quantity” and “quality” of the data made accessible on an issuer’s EDGE server for CMS to calculate reinsurance payments and apply the Federally certified risk adjustment methodology following the May 2, 2016 final data submission deadline for the 2015 benefit year.

III. Description of Evaluation Process for Data Quantity

CMS will evaluate the enrollment and claims data that issuers make accessible on their EDGE servers, and notify issuers failing to meet expected data quantity thresholds based on issuers’ previously submitted baseline enrollment and claims counts. To determine if an issuer meets the data quantity standards, CMS compares an issuer’s self-reported baseline data on its 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 2015 benefit year, CMS will use a 90% enrollment and 90% claims data threshold for an issuer to be flagged for outreach on potential data quantity issues.

Ongoing Interim Reinsurance Quantity Evaluation – March 4, 2016, through April 15, 2016 –

After the data submission deadline of March 4, 2016,² an issuer with a low enrollment count (that is, less than 90%) or low claims count (that is less than 90%) for the entire 2015 benefit year will receive a letter notifying the issuer of the potential implications of failing to meet the data quantity threshold. CMS will continue to analyze an issuer’s data quantity and, through April 15, 2016, will continue to notify issuers that have low enrollment counts (that is, less than 90%) or low claims counts (that is less than 90%) for the entire 2015 benefit year of the potential implications of failing to meet the data quantity threshold. The reinsurance implications of failing to submit all data by the data submission deadline could be inadequate compensation of reinsurance eligible costs, but any issuers with quantity shortfalls will still proceed to the data quality analysis for the reinsurance program.

Ongoing Interim Risk Adjustment Quantity Evaluation – March 4, 2016, through April 15, 2016 –

After the data submission deadline of March 4, 2016,³ an issuer with a low enrollment count (that is, less than 90%) or low claims count (that is less than 90%) for the entire 2015 benefit year will receive a letter notifying the issuer of the potential implications of failing to meet the data quantity threshold. CMS will continue to analyze an issuer’s data quantity and, through April 15, 2016, will continue to notify issuers that have low enrollment counts (that is,

¹ Available at: https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Evaluation_of_EDGE_Data_Submissions_for_2015_Benefit_Year_for_Interim_Reinsurance_Payments_and_Interim_Risk_Adjustment_S.pdf

² The March 4, 2016 data submission deadline is for an issuer to submit to production 90% of their claims and enrollment records for the entire 2015 benefit year.

³ The March 4, 2016 data submission deadline is for an issuer to submit to production 90% of their claims and enrollment records for the entire 2015 benefit year.

less than 90%) or low claims counts (that is less than 90%) for the entire 2015 benefit year of the potential implications of failing to meet the data quantity threshold. Potential implications include an assessment of the default risk adjustment charge.⁴ In addition, an issuer with a low enrollment or claims count will not be moved to the data quality analysis for the risk adjustment program.

Final Reinsurance Quantity Evaluation – May 3, 2016 – After the final data submission deadline of May 2, 2016,⁵ all issuers, even those with a low enrollment count (that is, less than 90%) or low claims count (that is, less than 90%), will proceed to the data quality evaluation for the reinsurance program. 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 proceed to the data quality analysis for the reinsurance program.

Final Risk Adjustment Quantity Evaluation – May 3, 2016 – After the final data submission deadline of May 2, 2016,⁶ 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 2, 2016, 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. In addition, an issuer with a low enrollment or claims count will not be moved to the data quality analysis for the risk adjustment program.

How to Remedy a Data Quantity Issue: While formal responses to CMS are not required, an issuer that receives a notice regarding low enrollment or claims counts during the Ongoing Interim Reinsurance or Risk Adjustment Quantity Evaluation steps in the Quantity Evaluation process can update or correct the data on their EDGE servers (as may be necessary) at any time prior to the 5 p.m. EDT May 2, 2016, final data submission deadline for the 2015 benefit year data. In addition, if an issuer's previously submitted baseline enrollment or claims data is incorrect, the issuer should resubmit their baseline report as soon as possible and no later than 5 p.m. EDT May 2, 2016. See *Section VIII, How to Notify CMS of Changes to Baseline Enrollment Data*, for more information on the process for updating previously submitted baseline enrollment and claims data.

⁴ See 45 CFR 153.740(b).

⁵ The May 2, 2016 final data submission deadline is for an issuer to submit to production claims and enrollment records for the 2015 benefit year. See FAQ 14472, available at www.regtap.info.

⁶ The May 2, 2016 final data submission deadline is for an issuer to submit to production claims and enrollment records for the 2015 benefit year. See FAQ 14472, available at www.regtap.info.

IV. Description of Evaluation Process for Data Quality

CMS will assess issuers' data quality using 11 metrics which assess quality in risk adjustment data, reinsurance data, and EDGE claims and enrollment data, as follows:

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	
Claims per enrollee ratio	EDGE Claims/Enrollment
Percent of enrollees without claims	
Percent of medical claims that are institutional claims	
Percent of claims that are pharmacy claims	

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

- Issuers, by market, will be divided into two groups: issuers with 10,000 enrollees or more, and issuers with fewer than 10,000 enrollees.
- 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 that were sent between January 1, 2016 and March 4, 2016,⁷ when identifying outliers as part of the ongoing interim and final quality evaluations that are described in the below steps in the Quality Evaluation process.

Ongoing Interim Quality Evaluations – March 4, 2016, through April 15, 2016

- CMS will continue to conduct interim outlier analyses on data submitted between March 4, 2016, and April 15, 2016. CMS will notify issuers of potential outlier issues identified during this time, which will result in issuers receiving outlier notifications prior to the final data submission deadline of May 2, 2016.
- Issuers notified as outliers during this time should:

⁷ https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Interim_EDGE-Quality_Quantity_Guidance_for_2015_Benefit_Year_5CR_031516.pdf.

- Update or correct the data stored on their EDGE server(s), if the outlier indicates a legitimate data error;
- Provide CMS an acceptable justification for the relevant data anomalies by emailing EdgeDataReply@cms.hhs.gov. Justifications should include relevant detail and actuarial data as necessary to clearly explain 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 clarifications or revised explanations.
- Details regarding the timeframe for taking the necessary steps in response to these interim outlier quality notices will be provided in the respective notices to issuers.

CMS will also periodically send notices, during this timeframe, to notify all issuers as to their current status in regards to data quality evaluation. **For reinsurance, CMS intends to provide all issuers data quality notifications prior to the final data submission deadline of May 2, 2016, regardless if issuers meet the data quantity thresholds. For risk adjustment, CMS intends to provide issuers that meet the applicable risk adjustment data quantity thresholds (described above in Section III, Description of Evaluation Process for Data Quantity) data quality notifications prior to the final data submission deadline of May 2, 2016. This will provide issuers the opportunity to rectify data submission issues, as no data can be submitted to or corrected on an EDGE server for the 2015 benefit year after the data submission deadline of May 2, 2016.**

Final Quality Evaluation – May 3, 2016, through May 10, 2016

- CMS does not expect that many issuers will be identified as an outlier for the first time during the final May 3, 2016, quality evaluation. For example, unless an issuer truncates data, replaces a large percentage their EDGE data, or uploads a large amount of new EDGE data after April 15, 2016, it may not be notified as an outlier for the first time during the final May 3, 2016, quality evaluation.
- However, if an issuer's data triggers an outlier threshold without a previously submitted acceptable justification following the final risk adjustment and reinsurance run on May 3, 2016, CMS will offer the issuer a final opportunity to submit a justification for CMS review, and to attest to the accuracy of its data.
 - The window for this final explanation will close **10 calendar days** after CMS's distribution of outlier notifications following the final risk adjustment and reinsurance run.⁸
 - Below are the consequences if CMS's technical committee determines that the outlier justification is **not** acceptable:
 - If CMS's technical committee identifies an issuer having a "low side" claims outlier then CMS will consider this a different version of a 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 data quantity for low claims following the May 2, 2016, data submission deadline would apply. The issuer may forgo the benefit of reinsurance payments that it otherwise might have received and the issuer will be subject to a

⁸ As such, issuers must submit outlier justifications no later than May 20, 2016.

default risk adjustment charge if the default charge is smaller than the charge it would have otherwise received.

- If CMS’s technical committee deems an issuer as having a “*high side*” claims outlier then the issuer may forgo the benefit of reinsurance payments that it otherwise might have received, it may be subject to the default risk adjustment charge or other appropriate adjustments may be made to its risk adjustment transfer amounts.⁹
- If CMS’s technical committee deems an issuer as having a premium outlier, either for having 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

DATES	STEP IN PROCESS	DESCRIPTION
March 4, 2016 – April 15, 2016	Ongoing Interim Quantity Evaluation	Notification of EDGE Data Quantity Status: CMS continues to notify issuers with low enrollment or low claims counts of reinsurance and risk adjustment data on their respective EDGE servers.
March 4, 2016 – April 15, 2016	Ongoing Interim Quality Analysis	<p>Notification of EDGE Data Quality Status: CMS contacts issuers deemed potential outliers after CMS conducts an analysis of data on issuer’s EDGE server as of March 4, 2016, and any subsequent data uploads through April 15, 2016. CMS also contacts issuers not deemed as outliers with notices regarding their current status with respect to meeting data quality thresholds.</p> <p>Response due to Quality Evaluation Outlier Notification(s): Issuers notified as outliers must submit explanation of data anomalies by the date(s) specified in their respective notices.</p>
May 3, 2016	Final Risk Adjustment and Reinsurance Quantity Evaluation	Final Notification of EDGE Data Quantity Status: After the final data submission deadline of May 2, 2016, ¹ <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 2, 2016, 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</i>

⁹See “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
		<i>enrollment or claims count will not be moved to the data quality analysis for the risk adjustment program.</i>
May 10, 2016	Final Quality Evaluation – May 3, 2016	Final Notification of EDGE Data Quality Status: CMS contacts issuers newly deemed potential outliers after CMS conducts an analysis of the final May 2, 2016 EDGE data submissions. <i>Issuers notified as outliers who fail to submit justifications may receive a risk adjustment default charge or forgo the benefit of reinsurance payments that it otherwise might have received.</i>
May 20, 2016 ¹⁰	Final Quality Evaluation Justification Submission	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 20, 2016. <i>Issuers notified as outliers who fail to submit justifications may receive risk adjustment default charge or forgo the benefit of reinsurance payments that it otherwise might have received.</i>

VI. Issuer Responsibility

The data quantity and quality analysis set forth above will assist CMS with overall program integrity, however this process does not alleviate an issuer’s responsibility to submit complete and accurate data 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, and no later than the end of the formal discrepancy reporting process. Failure to receive a notice of a data quantity or quality issue is not a proper basis to request reconsideration under 45 CFR 156.1220. This overall CMS program integrity process is not aimed at identifying all data quality errors, only those that translate as outliers.

VII. Default Risk Adjustment Charge

Under 45 CFR 153.740(b),¹¹ 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 2015 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

¹⁰ This date (May 20, 2016) is also the date that final EDGE discrepancy reports and issuer attestations are due for 2015 benefit year EDGE server data submissions. CMS intends to issue future guidance and hold webinars on the attestation and discrepancy reporting process in April 2016. 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.

¹¹ Also described in preamble at 78 FR 65061-65062, 79 FR 13790-13791, and 80 FR 10780-10781.

premium. All compliant risk adjustment covered plans – including those assessed risk adjustment charges, as well as those making risk adjustment payments – 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 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 contact the issuer via a letter¹² 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.¹³

VIII. How to Notify CMS of Changes to Baseline Enrollment 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. 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 your Financial Management (FM) Service Representative at edge_server_data@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 will have the option to 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 your service representatives at edge_server_data@cms.hhs.gov.

¹² 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.

¹³ 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 MLR and risk corridors filings for the applicable benefit year, or, if unavailable, other reliable data sources, such as the State DOI.