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Centers for Medicare & Medicaid Services  
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# **INTERIM SUMMARY REPORT ON PERMANENT RISK ADJUSTMENT FOR THE 2022 BENEFIT YEAR**

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## I. Background

Section 1343 of the Patient Protection and Affordable Care Act (ACA) establishes a permanent risk adjustment program to provide payments to health insurance issuers that offer plans that attract higher-than-average risk enrollees, such as those with chronic conditions. These payments reduce the incentive for issuers to structure their plan benefit designs or marketing strategies to avoid such enrollees and lessen the potential influence of risk selection on the premiums that plans charge. In response to stakeholder feedback, the Department of Health and Human Services (HHS) began releasing an interim summary report to provide issuers and states with additional information on the progress of the risk adjustment program for the applicable benefit year prior to publication of the final report.

The risk adjustment methodology developed by HHS is based on the premise that premiums should reflect differences in plan benefits, quality, and efficiency rather than the health status of the enrolled population. The HHS-operated risk adjustment methodology determines each plan's risk adjustment transfer amount under the state payment transfer formula based on the actuarial risk of enrollees, the actuarial value (AV) of coverage, utilization, the cost of doing business in local rating areas, and the effect of different cost-sharing levels on utilization. For the 2022 benefit year, HHS applied this methodology in all 50 states and the District of Columbia.

This interim summary report on risk adjustment is based on issuers submitting at least 90% of three quarters of claims data and 90% of enrollment data for the 2022 benefit year. In the 2018 benefit year, HHS introduced the high-cost risk pool (HCRP) within the HHS-operated risk adjustment methodology, which reimburses issuers for a portion of each enrollee's aggregated plan paid amounts that meet certain parameters. As in previous interim reports, HCRP interim estimates are not included because we expect that many issuers will submit their more expensive and complicated claims towards the end of the data submission period.

## II. Description of Data

As described in the October 25, 2022, "Evaluation of EDGE Data Submissions for the 2022 Benefit Year" bulletin,<sup>1</sup> HHS evaluated whether issuers provided access to EDGE server data sufficient for HHS to calculate and release an interim summary risk adjustment report for each state and the District of Columbia. HHS evaluated each issuer's data to determine if the issuer loaded at least 90% of its enrollment data for the full 2022 benefit year, and 90% of its claims data linked to enrollees (i.e., non-orphaned medical and pharmacy claims data) for the first three quarters of the benefit year (the data "quantity" evaluation). For those issuers who passed quantity evaluations, HHS also evaluated the issuer's EDGE server data to investigate outliers using a number of criteria (the data "quality" evaluation). If an issuer had a specific data outlier, the issuer was provided an opportunity to explain the outlier status. If the outlier was determined to be a true unresolved data quality issue, or if the issuer submitted no explanation, the issuer failed the data quality evaluation.

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<sup>1</sup> Available at [https://www.cms.gov/ccio/resources/regulations-and-guidance/downloads/edge\\_2022\\_qq\\_guidance.pdf](https://www.cms.gov/ccio/resources/regulations-and-guidance/downloads/edge_2022_qq_guidance.pdf) Also see 45 CFR 153.710(g).

As described in the bulletin, HHS will issue interim risk adjustment summary information for a state and the District of Columbia *only* if all credible issuers in that state passed both data quantity and quality thresholds.<sup>2</sup> For the 2022 benefit year risk adjustment interim summary results, 46 states are eligible for inclusion in the interim risk adjustment report. The following states and federal district are *ineligible* for inclusion in the interim risk adjustment report since one or more credible issuers in those markets did not meet the applicable thresholds for data quantity and/or quality evaluations by the applicable deadline:

- District of Columbia,
- Illinois,
- Michigan,
- South Dakota, and
- Virginia.

Since September 2022, CMS has worked with issuers on 2022 benefit year EDGE data submission and conducted ongoing quantity and quality checks before the January 12, 2023, interim data submission deadline. Issuers that failed to meet the applicable thresholds for the interim data submission deadline did not have appropriate internal controls in place to prepare and test EDGE data and failed to review reports to identify and resolve data errors in a timely manner. Ongoing data quantity and quality analysis assists 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 and contact CMS if assistance is needed.

The data displayed in this report are preliminary. Final risk adjustment data may differ and therefore result in significantly different magnitude and direction of the transfers from the data presented in this report. Because an issuer's risk adjustment transfer amount under the state payment transfer formula is dependent on the data submitted by other issuers within a state market risk pool, a stable risk score for an issuer between interim and final risk adjustment may not reflect a stable risk adjustment transfer amount. In addition, many issuers submitted more than the required threshold amount described above. The final risk adjustment transfer results and final state average calculations, based on issuers' final data submissions, may diverge from the data patterns reflected in this report.

The risk scores provided in this interim risk adjustment report will not necessarily be predictive of final 2022 benefit year risk adjustment risk scores. If an issuer wishes to use this interim information to assist in estimating the 2022 benefit year risk adjustment transfer amounts, it should do so with caution and in combination with other significant data. In particular, smaller issuers may experience a wider degree of variation, given the impact larger issuers have on transfers within a state market risk pool.

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<sup>2</sup> Issuers were deemed credible if they had at least 0.5% market share in a state market.

Additionally, on March 11, 2021 the American Rescue Plan Act of 2021 (ARP) was signed into law.<sup>3</sup> Under the ARP, more generous advance payments of premium tax credits (APTCs) were available to most Marketplace consumers in the 2022 benefit year. Below, we further discuss the potential impact of the ARP subsidies.

The data released in this report may nonetheless be useful to issuers seeking additional information about the progress of the risk adjustment program prior to publication of the annual summary report, especially for those that participate in other regulatory programs that may have earlier submission deadlines, such as rate review for certain states. This report also contains data, such as billable member months and statewide average premiums, which may have utility beyond risk scores or risk adjustment.

### **III. Comparison of Interim and Final Risk Adjustment Results for the 2021 Benefit Year and Considerations for the 2022 Benefit Year**

As discussed in the [Summary Report on Permanent Risk Adjustment Transfers for the 2021 Benefit Year](#), we conducted additional analysis comparing the 2021 benefit year interim and final risk adjustment results to examine predictability and variation.<sup>4</sup> For the 2015 benefit year, the first year HHS provided interim risk scores, 20 states plus the District of Columbia received interim risk adjustment results; the following year, 48 states plus the District of Columbia received interim results.<sup>5</sup> From the 2017 benefit year through the 2021 benefit year, all 50 states plus the District of Columbia received interim results, marking a significant improvement in the quantity and quality of issuer data submissions. In addition, preliminary regression modeling based on data from benefit years 2018-2021 suggests a strong predictive relationship between total transfers and risk scores from interim to final. This predictive relationship depends on high quantity and quality data early in the data submission process to provide reliable estimates prior to final data submission that can be used in combination with other significant data for issuers' rate setting and financial forecasts. In 2022, some states were ineligible to receive interim risk adjustment results as some credible issuers in those markets did not meet the thresholds for quantity or quality evaluation.

We compared the national data quantity completion rate at the data submission deadlines for the interim reports for the 2022 and 2021 benefit years, which were determined by comparing each issuer's EDGE server data submission to their final baseline representing the full year of reported data for 2021 and 2022. For the 2021 benefit year interim risk adjustment estimates, we calculated a data completion of 90.8% as of the interim deadline of January 13, 2022. For the 2022 benefit year interim risk adjustment estimates, excluding ineligible states<sup>6</sup>, we

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<sup>3</sup> See the American Rescue Plan Act of 2021; Public Law 117-2 (March 11, 2021), available at: <https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf>.

<sup>4</sup> Available at <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/RA-Report-BY2021.pdf>.

<sup>5</sup> Massachusetts operated a state-based risk adjustment program for the 2014 through 2016 benefit years; therefore, the Commonwealth was not eligible for inclusion in the interim report issued by HHS for these benefit years. HHS began operating risk adjustment in all states (including Massachusetts) and the District of Columbia starting with the 2017 benefit year.

<sup>6</sup> As noted above, one or more credible issuers in the District of Columbia, Illinois, Michigan, South Dakota, and

calculated a data completion of 91.7% % as of the interim deadline of January 12, 2023.

We note that depending on issuers' data quantity submissions beyond three quarters of data in a given state market risk pool, issuers' relative portion of data submitted by the applicable deadline for inclusion in the interim report, issuers' market share, and data quality once final data has been loaded, the estimates from interim to final could still change significantly. For example, the regression modeling indicated that predictability of final risk adjustment results from interim results in a given state market risk pool can be drastically reduced by a single issuer outlier with incomplete or erroneous data, even one with relatively few enrollees.

In addition to interim risk scores not reflecting the final risk scores, risk score changes over benefit years do not necessarily reflect changes in population health risk as risk score changes year over year are also affected by changes in plan enrollment (metal or cost sharing), coding practices, and the risk adjustment methodology. **Therefore, risk score differences indicated below in Table 1 comparing interim 2022 and final 2021 data submission are not comparable due to data completeness, model, and other differences by year.** We also note that since issuers continue to update their enrollment and claims data, it is difficult to determine the impact of significant changes in 2022, including the availability of the increased ARP subsidies in the Marketplaces for the full benefit year.

Interested parties should be aware of these considerations while reviewing the interim results and using them, in addition to other sources, for rate-setting. As mentioned above, ARP increased subsidies for eligible enrollees resulting in a significant increase in new enrollees joining the Marketplaces.<sup>7</sup> We have seen an increase in enrollment, including billable member months, and total premiums in the interim 2022 benefit year individual market data when compared to final 2021 benefit year data. These changes may also impact the relationship between interim and final risk adjustment data for the 2022 benefit year relative to past years. We provide this additional context so upon reviewing interim results, interested parties can consider the impact of the unique market dynamic(s) created by ARP.

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Virginia did not meet the applicable thresholds for data quantity and/or quality evaluations by the applicable deadline.

<sup>7</sup> See supra note 3. Also see, *Health Insurance Marketplaces 2022 Open Enrollment Report*, available at: <https://www.cms.gov/files/document/health-insurance-exchanges-2022-open-enrollment-report-final.pdf>

**Table 1. Percent Change in Select Risk Adjustment Variables, 2021 Final to 2022 Interim<sup>8,9,10</sup>**

	INDIVIDUAL MARKET		SMALL GROUP MARKET	
	Mean	Standard Deviation	Mean	Standard Deviation
Plan Liability Risk Score	-10.8%	4.8%	-6.1%	2.9%
Billable Member Months	11.9%	10.2%	-2.1%	6.6%
Monthly Premiums	1.3%	4.2%	4.3%	2.6%
Age Rating Factor	-0.4%	0.8%	0.0%	0.4%
Actuarial Value	0.3%	1.4%	0.3%	0.4%

<sup>8</sup> Percent change in risk score is calculated based on unadjusted risk scores. Mean percent changes are weighted by billable member months.

<sup>9</sup> Table 1 excludes the Massachusetts merged market and the Vermont individual and small group markets for this analysis. For benefit year 2022, Massachusetts is treated as having a merged market for the purposes of the HHS-operated risk adjustment program. Vermont is excluded for consistency with benefit year 2021 calculations as Vermont was treated as having a merged market for the purposes of the HHS-operated risk adjustment program in benefit year 2021. See [https://regtap.cms.gov/uploads/library/RA\\_MergedMarketsFAQ\\_021522\\_5CR\\_021522.pdf](https://regtap.cms.gov/uploads/library/RA_MergedMarketsFAQ_021522_5CR_021522.pdf).

<sup>10</sup> Table 1 includes available data from issuers in the District of Columbia, Illinois, Michigan, South Dakota, and Virginia for consistency with benefit year 2021.

#### IV. HHS-operated Risk Adjustment Program State-specific Data

Included in Table 2 are the key elements of the risk adjustment state payment transfer formula for states that met the credibility requirements.

**Table 2. Description of Risk Adjustment Data**

DATA ELEMENT	DESCRIPTION
<b>State Average Monthly Premium</b>	The state average premium for a state market risk pool is the weighted average monthly premium for the state market risk pool, weighted by plan share of statewide enrollment in the state market risk pool. A 14% administrative cost adjustment is applied to the state average monthly premium. This value is used in the state payment transfer formula calculations of risk adjustment payments and charges.
<b>State Average Monthly Premium Before Adjustment</b>	The state average premium for a state market risk pool is the weighted average monthly premium for the state market risk pool, weighted by plan share of statewide enrollment in the state market risk pool before the 14% administrative cost adjustment is applied. This value is for informational purposes only and is not used in the calculation of risk adjustment payments and charges.
<b>State Average Plan Liability Risk Score (PLRS)</b>	The state average PLRS is calculated as the summed products of PLRS and billable member months for all plans within the state market risk pool divided by total billable months for all plans within the state market risk pool.
<b>State Average Allowable Rating Factor (ARF)</b>	The state average ARF is calculated as the summed products of ARF and billable member months for the plans within the state market risk pool divided by total billable member months for all plans in the state market risk pool.
<b>State Average Actuarial Value (AV)</b>	<p>The state average AV is calculated as the summed products of AV and billable member months for the plans within the state market risk pool divided by the total billable member months within the state market risk pool. AV corresponds with metal and catastrophic tiers as follows:</p> <ul style="list-style-type: none"> <li>• Catastrophic: 0.57</li> <li>• Bronze: 0.60</li> <li>• Silver: 0.70</li> <li>• Gold: 0.80</li> <li>• Platinum: 0.90</li> </ul>
<b>State Average Induced Demand Factor (IDF)</b>	<p>The state average IDF is calculated as the summed products of IDF and billable member months for the plans within the state market risk pool divided by the total billable member months within the state market risk pool. IDF corresponds with metal and catastrophic tiers as follows:</p> <ul style="list-style-type: none"> <li>• Catastrophic: 1.00</li> <li>• Bronze: 1.00</li> <li>• Silver: 1.03</li> <li>• Gold: 1.08</li> <li>• Platinum: 1.15</li> </ul>
<b>Billable Member Months</b>	Billable member months are the member months of an individual or family policy that are included when setting the policy's premium rate.

**Table 3. Interim Risk Adjustment State Averages with State Billable Member Months<sup>11</sup>**

As discussed above, the District of Columbia, Illinois, Michigan, South Dakota, and Virginia are ineligible for inclusion in Table 3 as one or more credible issuers in those markets did not meet the applicable thresholds for data quantity or quality evaluations.

Table 3 below is provided in Excel format as a separate link, titled Appendix A.

State	Risk Pool	Statewide Average Premium	Statewide Average Premium Before Adjustment	State Average Plan Liability Risk Score	State Allowable Rating Factor	State Average Actuarial Value	State Induced Demand Factor	State Billable Member Months
AK	Individual	\$636.62	\$740.26	1.313	1.614	0.712	1.043	274,625.4
	Small Group	\$756.59	\$879.76	1.005	1.470	0.736	1.052	151,848.3
AL	Individual	\$656.26	\$763.09	1.796	1.656	0.694	1.030	2,650,930.8
	Catastrophic	\$249.88	\$290.56	0.805	1.108	0.570	1.000	13,534.0
	Small Group	\$420.42	\$488.87	1.218	1.513	0.776	1.072	2,268,203.5
AR	Individual	\$428.18	\$497.89	1.535	1.488	0.694	1.028	4,719,531.5
	Catastrophic	\$209.32	\$243.40	0.082	1.048	0.570	1.000	39.2
	Small Group	\$380.01	\$441.87	1.136	1.457	0.787	1.077	686,605.8
AZ	Individual	\$473.85	\$550.99	1.201	1.723	0.668	1.021	2,125,125.7
	Catastrophic	\$178.77	\$207.87	0.214	0.999	0.570	1.000	4,128.9
	Small Group	\$439.03	\$510.50	1.028	1.439	0.739	1.054	1,541,967.4
CA	Individual	\$495.12	\$575.72	1.135	1.664	0.697	1.035	26,282,364.4
	Catastrophic	\$177.77	\$206.71	0.242	0.975	0.570	1.000	309,995.2
	Small Group	\$477.55	\$555.29	0.963	1.415	0.780	1.077	24,866,974.8
CO	Individual	\$391.72	\$455.49	1.144	1.667	0.666	1.023	2,854,695.1
	Catastrophic	\$157.94	\$183.65	0.284	1.003	0.570	1.000	48,558.5
	Small Group	\$463.37	\$538.80	1.015	1.394	0.739	1.054	2,627,978.8
CT	Individual	\$651.00	\$756.97	1.321	1.823	0.677	1.027	1,361,544.7
	Catastrophic	\$163.55	\$190.17	0.264	1.021	0.570	1.000	21,258.5
	Small Group	\$619.09	\$719.88	1.196	1.532	0.739	1.055	1,128,592.7
DE	Individual	\$603.52	\$701.77	1.376	1.730	0.731	1.051	404,721.2
	Catastrophic	\$214.48	\$249.39	0.445	1.038	0.570	1.000	2,059.7
	Small Group	\$592.81	\$689.32	1.154	1.495	0.774	1.070	275,441.2
FL	Individual	\$525.04	\$610.51	1.301	1.654	0.673	1.023	32,926,757.7
	Catastrophic	\$203.49	\$236.61	0.507	1.176	0.570	1.000	35,249.0
	Small Group	\$514.09	\$597.78	1.207	1.496	0.770	1.070	4,073,814.1
GA	Individual	\$453.22	\$527.00	1.372	1.648	0.687	1.028	8,054,343.0
	Catastrophic	\$199.65	\$232.15	0.804	1.113	0.570	1.000	32,769.8
	Small Group	\$640.24	\$744.47	1.288	1.475	0.754	1.060	935,755.2

<sup>11</sup> States with no breakout for catastrophic risk pool did not have issuers offering risk adjustment covered plans in the catastrophic risk pool in the 2022 benefit year.



State	Risk Pool	Statewide Average Premium	Statewide Average Premium Before Adjustment	State Average Plan Liability Risk Score	State Allowable Rating Factor	State Average Actuarial Value	State Induced Demand Factor	State Billable Member Months
HI	Individual	\$528.40	\$614.41	1.154	1.721	0.751	1.064	379,149.3
	Catastrophic	\$128.83	\$149.80	0.139	0.971	0.570	1.000	5,414.1
	Small Group	\$434.96	\$505.76	1.055	1.500	0.887	1.141	528,603.5
IA	Individual	\$574.39	\$667.89	1.321	1.860	0.694	1.035	832,565.5
	Catastrophic	\$200.20	\$232.79	0.399	1.010	0.570	1.000	2,862.7
	Small Group	\$417.47	\$485.43	1.052	1.453	0.716	1.043	1,142,438.6
ID	Individual	\$441.63	\$513.52	1.104	1.620	0.647	1.016	921,025.2
	Catastrophic	\$191.74	\$222.96	0.454	0.972	0.570	1.000	5,865.8
	Small Group	\$365.29	\$424.76	0.892	1.377	0.739	1.053	971,602.0
IN	Individual	\$485.68	\$564.75	1.408	1.784	0.664	1.020	1,783,078.1
	Small Group	\$582.68	\$677.54	1.267	1.514	0.745	1.055	835,230.1
KS	Individual	\$539.53	\$627.36	1.550	1.705	0.681	1.028	1,270,575.4
	Catastrophic	\$242.12	\$281.54	0.450	1.120	0.570	1.000	3,014.1
	Small Group	\$434.66	\$505.42	1.145	1.438	0.767	1.069	896,402.9
KY	Individual	\$498.98	\$580.21	1.602	1.810	0.658	1.019	782,084.0
	Catastrophic	\$176.32	\$205.03	0.402	0.982	0.570	1.000	7,794.9
	Small Group	\$604.28	\$702.65	1.540	1.486	0.764	1.064	263,386.4
LA	Individual	\$652.81	\$759.08	1.567	1.748	0.677	1.025	1,292,875.6
	Small Group	\$472.65	\$549.59	1.162	1.458	0.774	1.071	1,475,700.2
MA	Merged	\$490.37	\$570.20	1.122	1.532	0.726	1.045	7,699,953.3
	Catastrophic	\$266.34	\$309.70	0.349	1.190	0.570	1.000	11,021.6
MD	Individual	\$372.10	\$432.68	1.384	1.695	0.729	1.050	2,659,479.6
	Catastrophic	\$90.75	\$105.53	0.311	0.985	0.570	1.000	57,851.3
	Small Group	\$448.90	\$521.97	1.026	1.474	0.751	1.059	2,823,946.9
ME	Individual	\$473.32	\$550.37	1.176	1.749	0.662	1.021	760,752.8
	Catastrophic	\$159.66	\$185.65	0.321	1.022	0.570	1.000	8,659.0
	Small Group	\$480.02	\$558.16	1.003	1.513	0.709	1.039	538,540.2
MN	Individual	\$413.55	\$480.88	1.185	1.794	0.667	1.024	1,912,843.5
	Catastrophic	\$137.56	\$159.95	0.332	1.023	0.570	1.000	47,429.2
	Small Group	\$493.66	\$574.02	1.062	1.479	0.747	1.058	2,735,465.9
MO	Individual	\$542.22	\$630.49	1.589	1.752	0.669	1.021	2,677,250.9
	Catastrophic	\$191.43	\$222.59	0.363	0.992	0.570	1.000	9,331.6
	Small Group	\$534.33	\$621.32	1.309	1.463	0.753	1.061	898,139.8
MS	Individual	\$522.40	\$607.45	1.541	1.641	0.693	1.029	1,642,241.2
	Small Group	\$386.52	\$449.44	0.993	1.373	0.773	1.068	482,683.7
MT	Individual	\$493.06	\$573.33	1.117	1.708	0.654	1.019	681,222.6
	Catastrophic	\$212.65	\$247.27	0.281	0.989	0.570	1.000	2,845.8
	Small Group	\$426.00	\$495.35	0.933	1.421	0.728	1.050	543,385.4

State	Risk Pool	Statewide Average Premium	Statewide Average Premium Before Adjustment	State Average Plan Liability Risk Score	State Allowable Rating Factor	State Average Actuarial Value	State Induced Demand Factor	State Billable Member Months
NC	Individual	\$547.56	\$636.70	1.280	1.664	0.673	1.024	7,946,361.0
	Catastrophic	\$189.69	\$220.57	0.484	1.047	0.570	1.000	99,380.3
	Small Group	\$475.74	\$553.18	1.033	1.485	0.750	1.058	2,341,943.6
ND	Individual	\$448.53	\$521.55	1.170	1.588	0.706	1.040	540,645.1
	Catastrophic	\$127.59	\$148.36	0.357	0.996	0.570	1.000	19,190.0
	Small Group	\$442.35	\$514.36	1.032	1.351	0.818	1.098	501,348.3
NE	Individual	\$610.92	\$710.37	1.097	1.606	0.636	1.012	1,102,605.6
	Catastrophic	\$223.61	\$260.01	0.920	0.969	0.570	1.000	6,036.9
	Small Group	\$553.26	\$643.33	1.129	1.438	0.726	1.047	390,947.4
NH	Individual	\$387.27	\$450.31	1.166	1.789	0.678	1.026	671,325.7
	Catastrophic	\$133.32	\$155.03	0.300	1.024	0.570	1.000	11,023.1
	Small Group	\$486.80	\$566.05	1.037	1.514	0.742	1.052	721,426.4
NJ	Individual	\$535.95	\$623.20	1.270	1.712	0.685	1.026	4,483,157.0
	Catastrophic	\$214.22	\$249.09	0.321	1.016	0.570	1.000	26,548.3
	Small Group	\$586.71	\$682.22	1.203	1.497	0.755	1.061	3,131,323.1
NM	Individual	\$453.67	\$527.52	1.281	1.862	0.743	1.055	529,991.6
	Small Group	\$503.88	\$585.90	1.048	1.498	0.778	1.073	533,178.5
NV	Individual	\$442.82	\$514.91	1.213	1.670	0.665	1.021	1,308,802.6
	Catastrophic	\$196.81	\$228.85	0.410	0.981	0.570	1.000	4,757.9
	Small Group	\$423.66	\$492.63	0.989	1.404	0.759	1.062	952,771.4
NY	Individual	\$553.57	\$643.69	1.417	0.981	0.697	1.038	2,961,551.1
	Catastrophic	\$177.85	\$206.80	0.219	0.997	0.570	1.000	55,495.1
	Small Group	\$723.36	\$841.12	1.430	0.976	0.767	1.070	8,857,335.6
OH	Individual	\$498.84	\$580.05	1.532	1.852	0.656	1.018	3,118,226.7
	Catastrophic	\$162.28	\$188.69	0.416	1.023	0.570	1.000	29,644.1
	Small Group	\$706.90	\$821.98	1.678	1.552	0.752	1.059	510,272.6
OK	Individual	\$527.26	\$613.10	1.529	1.608	0.673	1.025	2,174,157.2
	Catastrophic	\$211.16	\$245.53	0.258	0.987	0.570	1.000	3,619.7
	Small Group	\$391.54	\$455.27	1.179	1.465	0.777	1.074	2,022,379.3
OR	Individual	\$489.65	\$569.36	1.205	1.721	0.679	1.028	1,988,344.1
	Catastrophic	\$154.33	\$179.46	0.350	0.932	0.570	1.000	7,055.8
	Small Group	\$422.17	\$490.89	0.956	1.415	0.771	1.070	2,154,621.0
PA	Individual	\$509.71	\$592.69	1.404	1.811	0.713	1.041	5,162,264.6
	Catastrophic	\$176.52	\$205.25	0.407	1.037	0.570	1.000	21,097.0
	Small Group	\$487.18	\$566.49	1.225	1.503	0.779	1.073	4,729,643.9
RI	Individual	\$426.99	\$496.49	1.340	1.743	0.719	1.045	494,337.9
	Small Group	\$491.05	\$570.99	1.255	1.551	0.812	1.093	576,961.1
SC	Individual	\$497.25	\$578.19	1.388	1.690	0.657	1.019	3,744,796.8

State	Risk Pool	Statewide Average Premium	Statewide Average Premium Before Adjustment	State Average Plan Liability Risk Score	State Allowable Rating Factor	State Average Actuarial Value	State Induced Demand Factor	State Billable Member Months
	Catastrophic	\$165.64	\$192.60	0.526	1.087	0.570	1.000	33,338.5
	Small Group	\$578.12	\$672.23	1.128	1.470	0.739	1.052	631,841.8
TN	Individual	\$527.80	\$613.72	1.580	1.740	0.659	1.018	3,181,609.7
	Catastrophic	\$253.37	\$294.62	0.473	1.169	0.570	1.000	3,411.6
	Small Group	\$432.01	\$502.34	1.177	1.483	0.737	1.053	1,939,237.5
TX	Individual	\$477.93	\$555.74	1.335	1.632	0.684	1.027	21,701,285.4
	Catastrophic	\$226.38	\$263.23	0.573	1.087	0.570	1.000	64,325.4
	Small Group	\$527.00	\$612.79	1.202	1.447	0.751	1.060	7,521,170.9
UT	Individual	\$359.22	\$417.69	1.048	1.511	0.653	1.016	3,182,329.2
	Catastrophic	\$177.53	\$206.43	0.903	1.149	0.570	1.000	9,903.3
	Small Group	\$335.28	\$389.86	0.960	1.419	0.741	1.053	1,687,943.9
VT	Individual	\$615.01	\$715.12	1.220	0.988	0.713	1.043	345,289.4
	Catastrophic	\$202.57	\$235.54	0.231	1.000	0.570	1.000	3,029.8
	Small Group	\$561.89	\$653.36	1.179	0.978	0.762	1.067	445,880.3
WA	Individual	\$462.61	\$537.92	1.230	1.762	0.670	1.024	2,780,121.9
	Catastrophic	\$166.45	\$193.55	0.242	1.004	0.570	1.000	10,445.3
	Small Group	\$449.45	\$522.61	1.063	1.470	0.768	1.068	2,733,770.0
WI	Individual	\$539.62	\$627.46	1.280	1.924	0.671	1.025	2,561,125.9
	Catastrophic	\$177.69	\$206.61	0.405	1.024	0.570	1.000	18,087.7
	Small Group	\$513.24	\$596.79	1.090	1.458	0.768	1.069	1,292,696.3
WV	Individual	\$976.98	\$1,136.02	1.660	1.919	0.683	1.029	275,812.5
	Catastrophic	\$326.69	\$379.87	1.371	0.998	0.570	1.000	931.8
	Small Group	\$670.70	\$779.89	1.222	1.505	0.757	1.062	177,529.1
WY	Individual	\$731.85	\$850.99	1.291	1.636	0.746	1.056	431,162.8
	Small Group	\$574.58	\$668.12	0.986	1.380	0.745	1.056	91,397.7

## **V. HHS-operated Risk Adjustment Geographic Cost Factor (GCF) – Appendix B**

The purpose of the geographic cost factor (GCF) adjustment is to remove differences in premium caused by allowable geographic rating variations. GCFs are calculated for each rating area established by the state under 45 C.F.R. § 147.102(b).

The GCFs are calculated based on the observed average silver plan premium for the metal-level risk pool (calculated separately for individual and small group if the state does not have a merged market) or catastrophic plan premium for the catastrophic risk pool, in a geographic area relative to the statewide average silver or catastrophic plan premium. Calculation of the GCF involves three steps. First, the average premium is computed for each silver or catastrophic plan, as applicable, in each rating area (using the same formula that is used to compute plan premiums in the statewide average premium calculation). The second step is to generate a set of plan average premiums that standardizes the premiums for age rating. Plan premiums are standardized for age by dividing the average plan premium by the plan rating factor (calculated at the rating area level), the enrollment-weighted rating factor applied to all billable members. Lastly, a GCF is computed for each rating area. The GCF is simply the ratio of the enrollment-weighted average age-standardized premium revenue for a rating area to the overall statewide enrollment-weighted average age-standardized premium revenue for all silver plans. The enrollment-weighted statewide average of plan GCF values will equal 1.0, so the GCF can be interpreted as the percentage by which any geographic area's costs deviate from the state average.<sup>12</sup>

Appendix B is provided in Excel format as a separate link.

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<sup>12</sup> A GCF of zero indicates no silver plans in the rating area. In final risk adjustment calculations, a GCF of zero will have an imputed value of one.