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**Date: April 7, 2022**

**RE: 2019 Benefit Year HHS Risk Adjustment Data Validation (HHS-RADV) Results – Appendix B Supplement**

The Centers for Medicare & Medicaid Services (CMS) is releasing a supplement to Appendix B in the 2019 Benefit Year HHS Risk Adjustment Data Validation Results Memo (Results Memo).<sup>1</sup> In the Results Memo, Appendix B provides a table indicating which state market risk pools would have 2020 benefit year risk adjustment transfers impacted by 2019 benefit year HHS-RADV (due to the presence of at least one error rate outlier in the state market risk pool). In response to stakeholder requests, this supplement provides a second table indicating the estimated weighted average risk score adjustment factors by state market risk pool based on the 2019 benefit year HHS-RADV results.<sup>2</sup>

These numbers are for reference purposes only and do not reflect the actual weighted average risk scores that will be applied to 2020 benefit year risk adjustment transfers.<sup>3</sup> The 2019 benefit year HHS-RADV error rates will be averaged with the 2020 benefit year HHS-RADV error rates and applied to 2020 benefit year adjusted plan liability risk scores and 2020 benefit year risk adjustment state transfers.<sup>4,5</sup> Therefore, state market risk pools without outliers in the 2019 benefit year HHS-RADV results may have 2020 benefit year risk adjustment transfers impacted if there are outliers identified in these state market risk pools in the 2020 benefit year HHS-RADV results.

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<sup>1</sup> The 2019 Benefit Year HHS Risk Adjustment Data Validation Results Memo released on February 25, 2022 is available at: <https://www.cms.gov/files/document/2019-radv-results-memoclean2022-02-23.pdf>.

<sup>2</sup> The weighted average risk score adjustment factor is calculated by taking the weighted average of issuers' error rates among all issuers within the state market risk pool. The weight for an issuer is equal to the total risk of the issuer within the state market risk pool, which is calculated as the summation of the plan liability risk score multiplied by the plan-level billable member months among all plans for the issuer within the state market risk pool.

<sup>3</sup> In addition, the information in the Appendix B Supplement may be subject to change as a result of adjustments due to discrepancies or appeals.

<sup>4</sup> See the Amendments to the HHS-Operated Risk Adjustment Data Validation (HHS-RADV) Under the Patient Protection and Affordable Care Act's HHS-Operated Risk Adjustment Program, Final Rule; 85 FR 76979 at 77002-77005 (December 1, 2020).

<sup>5</sup> The transitional average error rate approach is not applicable to exiting issuers because exiting issuers who participated in 2019 HHS-RADV would not have 2020 benefit year risk scores or transfers to adjust. See 85 FR at 77002-77005. As discussed in the Results Memo, there were no positive error rate outliers among exiting issuers in the 2019 benefit year of HHS-RADV, therefore, no adjustments will be made to 2019 benefit year risk scores and risk adjustment transfer amounts as a result of the 2019 benefit year of HHS-RADV.

**Appendix B Supplement: Estimated 2020 Benefit Year Risk Adjustment Market Weighted Average Risk Score Adjustment Factors from 2019 Benefit Year HHS-RADV Results**

State	Individual (Excluding Catastrophic)	Small Group	Catastrophic
AK	0.00%	-0.02%	N/A
AL	0.00%	0.00%	0.00%
AR	0.00%	0.00%	N/A
AZ	-3.09%	0.00%	-0.05%
CA	-1.09%	-0.97%	-1.09%
CO	-1.14%	-0.64%	-1.15%
CT	0.00%	0.06%	0.00%
DC	7.59%	7.39%	8.88%
DE	0.00%	-0.03%	0.00%
FL	0.00%	0.02%	0.00%
GA	-0.02%	-0.02%	-0.04%
HI	-0.56%	-0.67%	0.00%
IA	0.00%	0.00%	0.00%
ID	-0.01%	-0.13%	-0.03%
IL	-2.22%	-2.31%	-2.62%
IN	0.00%	0.00%	0.00%
KS	0.00%	0.38%	0.00%
KY	0.00%	-0.15%	0.00%
LA	0.57%	1.60%	N/A
MA	0.00%	N/A	0.00%
MD	7.67%	7.39%	9.46%
ME	0.00%	0.00%	0.00%
MI	0.28%	0.08%	0.05%
MN	0.00%	0.00%	0.00%
MO	0.00%	0.00%	0.00%
MS	0.00%	0.00%	N/A

State	Individual (Excluding Catastrophic)	Small Group	Catastrophic
MT	0.32%	0.67%	-0.40%
NC	-0.83%	-0.44%	-0.88%
ND	0.00%	0.00%	0.00%
NE	0.00%	0.00%	0.00%
NH	-0.11%	-0.24%	-0.23%
NJ	5.94%	1.83%	0.99%
NM	0.00%	0.00%	0.00%
NV	0.00%	0.00%	0.00%
NY	0.51%	0.09%	3.36%
OH	1.14%	0.18%	1.76%
OK	-1.56%	-1.44%	-0.96%
OR	-1.03%	-0.72%	-0.26%
PA	0.51%	0.50%	0.20%
RI	5.65%	11.52%	N/A
SC	-3.23%	-2.13%	-3.26%
SD	0.00%	0.00%	0.00%
TN	0.00%	-0.05%	0.00%
TX	-0.44%	-1.05%	-0.82%
UT	0.41%	0.04%	0.00%
VA	0.10%	0.40%	0.78%
VT	0.00%	N/A	0.00%
WA	0.03%	0.00%	0.04%
WI	-0.13%	-0.03%	0.00%
WV	-1.68%	-1.53%	-2.26%
WY	0.00%	0.00%	N/A

Notes: (1) “N/A” represents states with no issuers operating in that state market risk pool and are therefore grayed out.

(2) Values for merged market states (Massachusetts and Vermont) are displayed in the individual (excluding catastrophic) column with an “N/A” in the small group column.