

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
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TO: All Part D Sponsors

FROM: Thomas Hutchinson, Director, Medicare Plan Payment Group

SUBJECT: Part D Risk Scores as Calculated with the Revised 2011 Model – Correction

DATE: March 4, 2010

On March 1, 2010, CMS released to standalone PDPs a file of Part D risk scores under the current and revised Part D models. Our goal was to allow the comparison of risk scores calculated under the two versions of the model. However, the risk scores under the revised model that we will implement in 2011 were not adjusted appropriately to compare to the current model scores and are too high. To calculate comparable risk scores under the revised model (V 2.0), you will need to normalize (divide) the risk scores from the revised model by 1.009.

For the risk scores released on March 1, 2010, we normalized the risk scores calculated under the current model (V 1.0) by 1.146, because that is the normalization factor that would have been used in 2009, if we had developed a normalization factor based on enrollees, instead of eligibles. We normalized the risk scores calculated with the revised model (V 2.0) by 1.0 and stated that the denominator of the Part D model was 2009.

Because, in fact, the revised model has a 2008 denominator, we should have normalized these risk scores by one year; 1.009 is the revised annual trend in Part D enrollees' risk scores. Once you normalize (divide) the risk scores from the revised (V 2.0) model by 1.009, they will be comparable to the current (V 1.0) risk scores.

Because of this error, we will accept comments on the revised Part D risk adjustment model through March 12, 2010. Comments on all other issues, including other models, still need to be submitted by March 5, 2010 to be considered in the final Rate Announcement.