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INTERIM SUMMARY REPORT ON PERMANENT RISK ADJUSTMENT FOR THE 2021 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 2021 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 2021 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 September 22, 2021, "Evaluation of EDGE Data Submissions for the 2021 Benefit Year" bulletin,¹ 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 2021 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). HHS also evaluated each 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. 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.² For the 2021 benefit year risk adjustment interim summary results, all 50

¹ Available at <https://www.cms.gov/files/document/by2021-edge-qg-guidance.pdf>. Also see 45 CFR 153.710(f).

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

states and the District of Columbia are eligible for inclusion in the interim risk adjustment report.

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 2021 benefit year risk adjustment risk scores. If an issuer wishes to use this interim information to assist in estimating the 2021 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.

Additionally, in the 2021 benefit year, the American Rescue Plan Act of 2021 (ARP) was signed into law and implemented in the Marketplaces.³ Under the ARP, more generous advance payments of premium tax credits (APTCs) became available to most Marketplace consumers. Consumers were able to access these APTCs through Marketplace platforms beginning on April 1, 2021.⁴ Consumers were also able to enroll in the Marketplaces and switch plans through a special enrollment period (SEP) made available on HealthCare.gov through August 15th, 2021, and on most State Marketplaces, where availability of SEPs varied, but in some cases were made available to the end of the 2021 benefit year. These changes led to mid-year enrollment increases in the Marketplaces not seen in prior years.^{5,6} Below, we further discuss the potential impact of the ARP.

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 2020

³ 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>.

⁴ State Marketplaces using their own platforms may have had different implementation dates.

⁵ See the 2021 Special Enrollment Period Access Extended to August 15 on HealthCare.gov for Marketplace Coverage, HHS Press Release (March 23, 2021), available at: <https://www.hhs.gov/about/news/2021/03/23/2021-special-enrollment-period-access-extended-to-august-15-on-healthcare-gov-for-marketplace-coverage.html>

⁶ See the 2021 Final Marketplace Special Enrollment Period Report, available at: <https://www.hhs.gov/sites/default/files/2021-sep-final-enrollment-report.pdf>

Benefit Year

As discussed in the [Summary Report on Permanent Risk Adjustment Transfers for the 2020 Benefit Year](#), we conducted additional analysis comparing the 2020 benefit year interim and final risk adjustment results to examine predictability and variation.⁷

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.⁸ Since the 2017 benefit year, all 50 states plus the District of Columbia have 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 2018-2020 suggests a strong predictive relationship between total transfers and risk scores from interim to final. This predictive relationship reflects and 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.

We compared the national data quantity completion rate at the data submission deadlines for the interim reports for the 2021 and 2020 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 2020 and 2021. For the 2020 benefit year interim risk adjustment estimates, we calculated a data completion of 90.0% as of the interim deadline of January 14, 2021. 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.

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 interim deadline, 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. An additional impactful difference between the 2020 and 2021 benefit years of risk adjustment is the introduction of a new version of the diagnosis code to hierarchical condition category (HCC) classification; specifically, the 2020 risk adjustment model utilizes Version 05 (V05) classifications, whereas the 2021 benefit year risk

⁷ Available at <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/RA-Report-BY2020.pdf>.

⁸ 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.

adjustment model utilizes Version 07 (V07) classifications.⁹ We expect this classification update on its own will increase risk scores slightly. However, we estimate that the total impact of all updates to the risk adjustment model from the 2020 to 2021 benefit years will result in an overall risk score decrease after final 2021 benefit year risk scores are calculated, with most of this decrease being due to changes in recalibration data with the addition of a second year of enrollee-level EDGE data to the model recalibration.¹⁰ **Therefore, risk score differences indicated below in Table 1 comparing interim 2021 and final 2020 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 2021, including the ongoing COVID-19 pandemic, ARP, and the COVID-19 SEPs in most Marketplaces.

Stakeholders should be aware of these considerations while reviewing the interim results and using them, in addition to other sources, for rate-setting.^{11, 12, 13} As mentioned above, ARP increased subsidies for eligible enrollees, and the accompanying COVID-19 SEP made available by the Marketplaces resulted in a significant increase in new enrollees joining the Marketplaces.¹⁴ We have seen an increase in enrollment, including billable member months, and total premiums in the interim 2021 benefit year individual market data when compared to final 2020 benefit year data. We also observed a smaller number of enrollees switch between plans through the COVID-19 SEPs. The year-long SEP in many states with State Marketplaces using their own platforms also resulted in a higher portion of enrollment joining mid-year in 2021 than seen in past years. These changes may also impact the relationship between interim and final risk adjustment data for the 2021 benefit year relative to past years. We provide this additional context so upon reviewing interim results, stakeholders can consider the impact of the unique market dynamic(s) created by ARP, the pandemic, and the COVID-19 SEPs.

⁹ The HCC reclassification that adopted the V07 classifications beginning with the BY 2021 risk adjustment models included a net change of adding 16 HCCs to the adult risk adjustment models (along with the removal of the medium severity illness indicator), a net change of adding 11 HCCs to the child risk adjustment models (including adding a priori constraints of the child transplant HCCs) and a net change of adding seven (7) HCCs to the infant risk adjustment models (including the revising severity level assignment of some HCCs and reconfigure code assignments to newborn). See Patient Protection and Affordable Care Act; HHS Notice of Benefit and Payment Parameters for 2021; Notice Requirement for Non-Federal Governmental Plans; Final Rule, 85 FR 29164 at 29175 – 29188 (May 14, 2020), available at: <https://www.federalregister.gov/documents/2020/05/14/2020-10045/patient-protection-and-affordable-care-act-hhs-notice-of-benefit-and-payment-parameters-for-2021>.

¹⁰ See the HHS Notice of Benefit and Payment Parameters for 2020; Final Rule, 84 FR 17454 at 17463 – 17466 (April 18, 2019).

¹¹ See supra note 3.

¹² See supra note 8.

¹³ The recent transfer simulation HHS conducted on possible model changes included a general comparison of the 2020 benefit year RA models (SIM1) with the 2021 benefit year risk adjustment models (SIM2) using 2020 benefit year enrollee-level EDGE data. As seen in the comparison of SIM1 to SIM2 results, transfers increased in SIM2, which we anticipate is most likely due to the updated HCC classification. See the HHS-Operated Risk Adjustment Technical Paper on Possible Model Changes: Summary Results for Transfer Simulations (December 28, 2021), available at <https://www.cms.gov/files/document/report-summary-results-transfer-simulations.pdf>.

¹⁴ See supra note 3.

Table 1. Percent Change in Select Risk Adjustment Variables, 2020 Final to 2021 Interim¹⁵

	INDIVIDUAL MARKET¹⁶		SMALL GROUP MARKET	
	Mean	Standard Deviation	Mean	Standard Deviation
Plan Liability Risk Score	-5.1%	3.7%	-2.1%	3.2%
Billable Member Months	10.5%	8.6%	-3.6%	7.3%
Monthly Premiums	-0.5%	6.0%	4.0%	2.7%
Age Rating Factor	0.3%	0.6%	0.2%	0.3%
Actuarial Value	-0.1%	1.0%	0.2%	0.4%

¹⁵ Percent change in risk score is calculated based on unadjusted risk scores. Mean percent changes are weighted by billable member months.

¹⁶ Individual market includes the Massachusetts and Vermont merged markets.

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
State Average Monthly Premium	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.
State Average Monthly Premium Before Adjustment	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.
State Average Plan Liability Risk Score (PLRS)	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.
State Average Allowable Rating Factor (ARF)	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.
State Average Actuarial Value (AV)	<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"> • Catastrophic: 0.57 • Bronze: 0.60 • Silver: 0.70 • Gold: 0.80 • Platinum: 0.90
State Average Induced Demand Factor (IDF)	<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"> • Catastrophic: 1.00 • Bronze: 1.00 • Silver: 1.03 • Gold: 1.08 • Platinum: 1.15
Billable Member Months	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 Months¹⁷

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

State	Risk Pool	State Average Premium	State Average Premium Before Adjustment	State Average Plan Liability Risk Score	State Average Allowable Rating Factor	State Average Actuarial Value	State Average Induced Demand Factor	State Billable Member Months
AK	Individual	\$600.38	\$698.12	1.256	1.619	0.694	1.036	227,201.7
	Small Group	\$721.31	\$838.73	0.971	1.473	0.730	1.049	159,860.6
AL	Individual	\$621.52	\$722.70	1.893	1.662	0.694	1.030	2,305,179.2
	Catastrophic	\$238.34	\$277.14	0.913	1.129	0.570	1.000	16,304.8
	Small Group	\$403.39	\$469.06	1.245	1.513	0.777	1.072	2,250,859.8
AR	Individual	\$412.42	\$479.55	1.603	1.487	0.695	1.029	4,338,348.0
	Small Group	\$372.80	\$433.48	1.125	1.460	0.786	1.076	638,106.5
AZ	Individual	\$493.97	\$574.38	1.261	1.737	0.666	1.020	1,837,118.9
	Catastrophic	\$195.71	\$227.57	0.349	0.974	0.570	1.000	9,565.4
	Small Group	\$419.10	\$487.33	1.040	1.438	0.734	1.051	1,608,001.0
CA	Individual	\$487.29	\$566.61	1.123	1.664	0.693	1.033	25,210,450.3
	Catastrophic	\$173.37	\$201.60	0.230	0.985	0.570	1.000	359,347.5
	Small Group	\$463.89	\$539.41	0.956	1.417	0.777	1.076	23,654,700.4
CO	Individual	\$387.93	\$451.09	1.092	1.664	0.657	1.019	2,609,986.8
	Catastrophic	\$163.86	\$190.54	0.315	0.996	0.570	1.000	56,842.4
	Small Group	\$444.20	\$516.51	0.981	1.396	0.732	1.051	2,687,265.9
CT	Individual	\$606.73	\$705.50	1.318	1.813	0.666	1.022	1,357,545.1
	Catastrophic	\$164.42	\$191.18	0.274	1.025	0.570	1.000	24,724.3
	Small Group	\$583.62	\$678.62	1.170	1.530	0.732	1.052	1,224,960.3
DC	Individual	\$471.09	\$547.78	1.344	1.123	0.734	1.057	184,995.0
	Catastrophic	\$114.92	\$133.63	0.380	0.736	0.570	1.000	8,097.7
	Small Group	\$476.62	\$554.21	1.008	1.036	0.814	1.095	976,049.5
DE	Individual	\$581.82	\$676.54	1.409	1.747	0.715	1.044	345,495.2
	Catastrophic	\$214.28	\$249.17	0.332	1.052	0.570	1.000	2,576.4
	Small Group	\$592.82	\$689.33	1.145	1.501	0.770	1.068	275,166.7
FL	Individual	\$515.85	\$599.83	1.355	1.674	0.674	1.023	27,454,467.7
	Catastrophic	\$206.75	\$240.41	0.500	1.173	0.570	1.000	36,551.5
	Small Group	\$490.36	\$570.19	1.223	1.499	0.769	1.069	3,960,668.1
GA	Individual	\$499.60	\$580.92	1.444	1.657	0.687	1.028	6,450,613.2
	Catastrophic	\$206.57	\$240.20	0.622	1.107	0.570	1.000	38,569.1
	Small Group	\$589.15	\$685.05	1.316	1.475	0.758	1.062	1,122,256.1
HI	Individual	\$514.28	\$598.00	1.127	1.720	0.739	1.058	372,972.1
	Catastrophic	\$127.73	\$148.53	0.154	0.963	0.570	1.000	5,995.7

¹⁷ States with no breakout for catastrophic risk pool did not have issuers offering risk adjustment covered plans in the catastrophic risk pool in the 2021 benefit year.

State	Risk Pool	State Average Premium	State Average Premium Before Adjustment	State Average Plan Liability Risk Score	State Average Allowable Rating Factor	State Average Actuarial Value	State Average Induced Demand Factor	State Billable Member Months
	Small Group	\$428.65	\$498.43	1.074	1.495	0.887	1.141	501,698.0
IA	Individual	\$552.07	\$641.94	1.398	1.870	0.696	1.036	683,554.2
	Catastrophic	\$196.54	\$228.53	0.358	1.016	0.570	1.000	3,120.5
	Small Group	\$411.36	\$478.32	1.058	1.464	0.713	1.042	1,142,272.9
ID	Individual	\$453.33	\$527.12	1.119	1.616	0.642	1.014	907,358.4
	Catastrophic	\$198.66	\$231.00	0.535	0.977	0.570	1.000	6,988.4
	Small Group	\$349.92	\$406.88	0.918	1.387	0.738	1.052	904,329.5
IL	Individual	\$531.44	\$617.95	1.350	1.746	0.667	1.022	4,100,815.6
	Catastrophic	\$249.58	\$290.21	0.368	1.009	0.570	1.000	22,696.7
	Small Group	\$466.11	\$541.99	1.126	1.463	0.793	1.082	5,106,677.8
IN	Individual	\$500.58	\$582.07	1.484	1.796	0.665	1.020	1,534,294.4
	Small Group	\$550.03	\$639.57	1.242	1.511	0.737	1.051	908,051.3
KS	Individual	\$536.58	\$623.93	1.572	1.702	0.688	1.030	1,137,321.8
	Catastrophic	\$222.26	\$258.45	0.685	1.130	0.570	1.000	4,998.2
	Small Group	\$416.13	\$483.87	1.151	1.440	0.765	1.068	954,908.2
KY	Individual	\$521.99	\$606.96	1.523	1.776	0.659	1.019	903,859.2
	Catastrophic	\$192.17	\$223.45	0.449	0.987	0.570	1.000	8,363.2
	Small Group	\$558.80	\$649.77	1.443	1.488	0.758	1.060	334,993.5
LA	Individual	\$632.34	\$735.28	1.684	1.755	0.677	1.025	1,144,809.9
	Small Group	\$443.78	\$516.03	1.157	1.456	0.771	1.070	1,460,134.5
MA	Merged	\$455.08	\$529.16	1.073	1.528	0.727	1.046	8,154,015.6
	Catastrophic	\$245.93	\$285.96	0.238	1.183	0.570	1.000	13,767.7
MD	Individual	\$370.04	\$430.28	1.393	1.702	0.723	1.047	2,477,861.3
	Catastrophic	\$91.04	\$105.86	0.304	0.990	0.570	1.000	74,888.9
	Small Group	\$428.39	\$498.13	1.014	1.469	0.749	1.058	2,944,794.7
ME	Individual	\$481.39	\$559.76	1.128	1.762	0.652	1.017	707,557.3
	Catastrophic	\$155.82	\$181.19	0.306	1.027	0.570	1.000	11,859.1
	Small Group	\$471.12	\$547.82	0.976	1.523	0.705	1.037	538,970.4
MI	Individual	\$413.88	\$481.25	1.288	1.739	0.654	1.017	3,822,442.0
	Catastrophic	\$156.62	\$182.12	0.421	1.004	0.570	1.000	69,980.4
	Small Group	\$363.08	\$422.19	1.107	1.440	0.794	1.081	4,908,729.1
MN	Individual	\$377.83	\$439.34	1.133	1.790	0.664	1.023	1,867,975.2
	Catastrophic	\$134.71	\$156.64	0.222	1.023	0.570	1.000	54,418.5
	Small Group	\$464.73	\$540.38	1.012	1.478	0.744	1.057	2,737,544.0
MO	Individual	\$548.43	\$637.70	1.628	1.746	0.673	1.023	2,551,310.6
	Catastrophic	\$219.51	\$255.24	0.670	1.164	0.570	1.000	14,147.4
	Small Group	\$498.12	\$579.21	1.293	1.466	0.751	1.060	1,014,330.6
MS	Individual	\$521.40	\$606.28	1.563	1.652	0.693	1.029	1,411,028.4

State	Risk Pool	State Average Premium	State Average Premium Before Adjustment	State Average Plan Liability Risk Score	State Average Allowable Rating Factor	State Average Actuarial Value	State Average Induced Demand Factor	State Billable Member Months
	Small Group	\$377.00	\$438.38	0.979	1.376	0.768	1.065	444,972.4
MT	Individual	\$490.62	\$570.49	1.134	1.728	0.645	1.016	630,514.4
	Catastrophic	\$219.08	\$254.74	0.218	0.997	0.570	1.000	3,402.6
	Small Group	\$409.14	\$475.74	0.935	1.432	0.722	1.047	542,330.2
NC	Individual	\$546.34	\$635.28	1.312	1.673	0.677	1.026	6,769,289.8
	Catastrophic	\$181.59	\$211.15	0.463	1.053	0.570	1.000	130,788.4
	Small Group	\$458.02	\$532.58	1.042	1.486	0.747	1.056	2,326,169.5
ND	Individual	\$430.97	\$501.13	1.088	1.580	0.695	1.035	464,930.8
	Catastrophic	\$129.37	\$150.43	0.293	0.995	0.570	1.000	22,358.4
	Small Group	\$430.36	\$500.42	1.018	1.352	0.816	1.097	456,307.6
NE	Individual	\$621.85	\$723.08	1.148	1.592	0.662	1.022	1,053,143.8
	Catastrophic	\$211.30	\$245.70	0.925	0.970	0.570	1.000	7,069.5
	Small Group	\$528.20	\$614.19	1.080	1.443	0.722	1.045	436,109.0
NH	Individual	\$386.62	\$449.56	1.156	1.796	0.671	1.023	613,791.8
	Catastrophic	\$123.77	\$143.92	0.275	1.030	0.570	1.000	13,842.3
	Small Group	\$470.59	\$547.20	1.025	1.517	0.736	1.050	721,425.7
NJ	Individual	\$499.19	\$580.46	1.246	1.708	0.683	1.025	4,235,597.2
	Catastrophic	\$201.69	\$234.53	0.261	1.015	0.570	1.000	36,671.1
	Small Group	\$547.80	\$636.98	1.165	1.492	0.753	1.060	3,389,107.7
NM	Individual	\$402.66	\$468.21	1.191	1.855	0.694	1.034	592,723.2
	Catastrophic	\$168.05	\$195.41	0.157	1.003	0.570	1.000	1,208.4
	Small Group	\$466.01	\$541.87	1.088	1.497	0.775	1.071	555,604.1
NV	Individual	\$430.92	\$501.07	1.253	1.673	0.665	1.021	1,286,974.8
	Catastrophic	\$191.93	\$223.17	0.486	0.979	0.570	1.000	8,310.7
	Small Group	\$399.16	\$464.14	1.004	1.397	0.755	1.060	1,006,224.8
NY	Individual	\$536.75	\$624.13	1.349	0.982	0.694	1.037	2,991,803.9
	Catastrophic	\$174.79	\$203.24	0.226	0.997	0.570	1.000	83,826.3
	Small Group	\$681.21	\$792.11	1.442	0.976	0.766	1.070	9,202,377.2
OH	Individual	\$456.94	\$531.33	1.444	1.808	0.652	1.016	2,586,106.1
	Catastrophic	\$162.53	\$188.99	0.367	1.022	0.570	1.000	29,121.3
	Small Group	\$633.55	\$736.69	1.608	1.545	0.748	1.057	622,674.9
OK	Individual	\$534.37	\$621.36	1.640	1.609	0.675	1.026	2,104,181.6
	Catastrophic	\$232.25	\$270.06	0.449	1.137	0.570	1.000	6,108.4
	Small Group	\$370.06	\$430.30	1.174	1.465	0.769	1.070	1,960,328.2
OR	Individual	\$475.60	\$553.02	1.206	1.713	0.673	1.025	1,978,841.6
	Catastrophic	\$152.12	\$176.88	0.197	0.949	0.570	1.000	9,517.0
	Small Group	\$407.67	\$474.04	0.950	1.412	0.766	1.068	2,145,532.0
PA	Individual	\$503.41	\$585.36	1.373	1.812	0.704	1.037	4,936,292.6

State	Risk Pool	State Average Premium	State Average Premium Before Adjustment	State Average Plan Liability Risk Score	State Average Allowable Rating Factor	State Average Actuarial Value	State Average Induced Demand Factor	State Billable Member Months
	Catastrophic	\$183.34	\$213.19	0.352	1.030	0.570	1.000	25,531.3
	Small Group	\$468.07	\$544.27	1.188	1.505	0.781	1.074	4,853,632.1
RI	Individual	\$411.42	\$478.40	1.213	1.726	0.713	1.042	510,465.5
	Small Group	\$490.27	\$570.08	1.208	1.540	0.813	1.093	580,065.4
SC	Individual	\$497.52	\$578.51	1.470	1.705	0.659	1.019	3,071,733.6
	Catastrophic	\$167.89	\$195.22	0.531	1.087	0.570	1.000	35,967.8
	Small Group	\$555.52	\$645.95	1.111	1.471	0.736	1.050	680,122.3
SD	Individual	\$597.97	\$695.31	1.286	1.614	0.655	1.017	445,071.2
	Catastrophic	\$204.58	\$237.89	0.355	1.008	0.570	1.000	12,787.0
	Small Group	\$441.54	\$513.42	1.003	1.428	0.684	1.029	402,267.5
TN	Individual	\$527.50	\$613.38	1.606	1.760	0.660	1.018	2,616,874.8
	Catastrophic	\$252.19	\$293.24	0.416	1.121	0.570	1.000	4,906.6
	Small Group	\$410.83	\$477.70	1.160	1.484	0.734	1.052	2,004,378.5
TX	Individual	\$473.21	\$550.24	1.448	1.648	0.673	1.023	16,972,975.6
	Catastrophic	\$227.48	\$264.51	0.621	1.086	0.570	1.000	76,275.6
	Small Group	\$499.46	\$580.77	1.198	1.448	0.747	1.058	7,649,315.1
UT	Individual	\$358.00	\$416.27	1.084	1.524	0.648	1.015	2,675,427.9
	Catastrophic	\$170.32	\$198.05	0.568	1.143	0.570	1.000	12,191.3
	Small Group	\$324.52	\$377.35	0.976	1.420	0.743	1.054	1,626,713.4
VA	Individual	\$512.81	\$596.30	1.259	1.701	0.683	1.029	3,175,102.7
	Catastrophic	\$185.16	\$215.30	0.422	1.009	0.570	1.000	34,441.0
	Small Group	\$475.23	\$552.59	1.107	1.445	0.779	1.075	3,660,050.1
VT	Merged	\$571.83	\$664.92	1.210	0.982	0.738	1.056	797,636.6
	Catastrophic	\$224.20	\$260.70	0.386	0.999	0.570	1.000	3,907.7
WA	Individual	\$438.00	\$509.30	1.196	1.753	0.664	1.022	2,713,448.4
	Catastrophic	\$170.92	\$198.74	0.234	1.010	0.570	1.000	17,421.7
	Small Group	\$439.60	\$511.16	1.048	1.473	0.767	1.067	2,599,434.8
WI	Individual	\$541.37	\$629.51	1.325	1.913	0.667	1.023	2,382,588.1
	Catastrophic	\$177.85	\$206.81	0.276	1.023	0.570	1.000	21,438.0
	Small Group	\$480.76	\$559.02	1.080	1.459	0.765	1.067	1,343,907.4
WV	Individual	\$890.81	\$1,035.83	1.706	1.951	0.673	1.023	227,827.6
	Catastrophic	\$313.64	\$364.70	0.927	0.991	0.570	1.000	1,165.0
	Small Group	\$637.83	\$741.66	1.200	1.507	0.753	1.060	181,635.5
WY	Individual	\$745.25	\$866.56	1.367	1.631	0.741	1.055	357,270.5
	Small Group	\$566.94	\$659.23	0.964	1.394	0.733	1.050	80,739.1

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.¹⁸

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

¹⁸ 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.