

## State of Ohio: Risk Adjusted Rates Glossary

Acuity Factor	Measurement of an individual's relative health care needs based on the CDPS model and the individual's demographic and diagnostic information. (Also referred to as a case score.)
Adverse Selection	Indicates that an MCP has enrolled sicker-than-average recipients. This condition can be identified when budget neutral case mixes exceed 1.0000.
Application Period	The time period during which the case mixes will be used to adjust the capitation rates (i.e. November 1, 2006 - June 30, 2007).
Average Selection	Indicates that an MCP has enrolled average recipients. This condition can be identified when budget neutral case mixes are equal to 1.0000.
Base Data Period	Represents the 12-month time period during which data were collected for risk assessment. For the initial risk assessment (November 1, 2006 through June 30, 2007), the base data period will be calendar year 2005. (Also referred to as a Study Period.)
Base Rates	Pre-determined payments to MCPs for each member they enroll. The per-member-per-month dollar amount is based on the regional status of the member. (Also referred to as the Capitation Rates.)
Baseline Factor	A component within the CDPS model that is intended to explain the health risk of individuals that cannot be attributed to a specific disease condition or certain age/gender characteristics.
Budget Neutrality Adjustment	The final step in the risk-adjustment process, where the MCP case mixes are adjusted to ensure that no unintended reductions or overages in total capitation payments will occur. The final result is referred to as the budget neutral or final case mix.
Capitation Rates	See Base Rates.
Case Mix (Unadjusted)	Estimated MCP health risk as measured prior to budget neutrality. This is calculated by averaging the acuity factors of those members assigned to the MCP. Recipients are assigned to an MCP based on their enrollment using a specific point in time. (Also referred to as a composite case mix.)

CDPS	Chronic Illness and Disability Payment System (CDPS) is a diagnostic classification system that estimates health risk using demographic and diagnostic characteristics. The design and values associated with this model were developed specifically for TANF and Disabled Medicaid beneficiaries. The CDPS model was designed by the UCSD.
Cost Weight	A cost weight is derived from comparing the relative cost associated with each CDPS category to the average cost of the population. The term Standard Cost Weights is used to describe the relative cost associated with the CDPS categories, as published within the <u>Improving Health-Based Payment for Medicaid Beneficiaries</u> paper. The term Modified Cost Weights is used to reference the set of factors that have been modified to reflect the population and benefits that will be covered in Ohio's ABD managed care program.
Demographic Factors	Factors incorporated into the CDPS model to estimate the medical resources not contained within the diagnostic categories.
Diagnostic Data	Data that contains a recipient's diagnosis. This is used to classify recipients into specific disease conditions, which then renders classification into CDPS categories. This data will initially be FFS claims, but will ultimately include both FFS and MCP submitted encounters (FFS and encounter). To avoid the potential for false positive disease identification, laboratory/radiology services and durable medical equipment services occurring in a non-inpatient setting will be removed from the diagnostic data used to measure individual and MCP risk.
Diagnostic Impact Rank	Measurement of the impact that a particular diagnostic category may have on the development of the case mixes. This measurement takes into account the magnitude of the CDPS category weight in conjunction with the portion of the population presenting with the chronic condition. The lower the diagnostic impact rank, the greater the category's impact on the case mix (one equals the greatest impact). Conversely, the higher the diagnostic impact rank, the less impact on the case mix (55 equals the least impact). The Diagnostic Impact Rank is a quick resource for determining the diagnostic categories that result in risk variation among MCPs.
Eligibility File	Data that contains demographic information used to identify the target ABD population for managed care enrollment. This

information is also used to classify each recipient into a region and a CDPS demographic category. The eligibility data contains Medicaid eligibility segments used to determine whether the individual has sufficient experience (six months or more during study period) to receive a CDPS acuity factor.

ICD-9 Codes	International Classification of Diseases, 9th Revision (ICD-9) is the input used in the CDPS model used to assess a member's health risk based on their historical chronic conditions. These chronic conditions will be identified using the provider-submitted ICD-9 codes.
Major Categories	The CDPS model classifies diagnoses into major categories. These categories are representative of body systems (e.g., cardiovascular or pulmonary) or illnesses that affect multiple systems (e.g., infectious disease or diabetes). Nineteen major categories exist.
Medical Intensity Subcategories	The CDPS model further classifies the conditions within the major category into medical intensity subcategories based on their perceived medical intensity.
Positive Selection	Indicates that an MCP has enrolled healthier-than-average recipients. This condition can be identified when budget neutral case mixes are less than 1.0000.
Prevalence Reports	This report allows each MCP to compare their population's characteristics (as measured by CDPS) to the characteristics of the entire population enrolled in managed care in that region. The prevalence reports also provide the interim steps used to develop the final case mixes.
Prospective Model	This model measures existing conditions and their ability to predict future health care costs.
Risk Adjustment	Adjustment of MCP capitation revenue based on health risk associated with their members, as measured based on demographic characteristics and their historical chronic disease conditions. The intent of this approach is to provide higher reimbursement to those MCPs experiencing adverse selection and lower reimbursement to those MCPs experiencing positive selection. This process is an improvement over the traditional reimbursement based solely on age and sex characteristics.

Scored Recipients	Recipients with six or more months of Medicaid eligibility during the study period.
Study Period	See Base Data Period.
UCSD	University of California San Diego (UCSD) staff developed the CDPS model. Their web site can be found at the following address: <a href="http://www.medicine.ucsd.edu/fpm/cdps/">http://www.medicine.ucsd.edu/fpm/cdps/</a> . To access the CDPS software, a license agreement must be completed.
Unscored Recipients	Recipients that do not receive an acuity factor because they did not have six months of eligibility within the study period. It is expected that unscored members will be attracted to MCPs in the same relationships as the scored members. Therefore, the unscored recipients will be assigned the average risk of the scored members assigned to their MCP.