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Best Practices for Developing and Testing Risk Adjustment Models

Option Period Web Meeting #3

July 13, 2022

July 25, 2022

This project is funded by the Centers for Medicare and Medicaid Services under contract HHSM-500-2017-00060I – 75FCMC20F0001 - Best Practices for Developing and Testing Risk Adjustment Models.

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- Rachael Zuckerman, PhD, ASPE
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Main Discussion Topics

The Technical Guidance underwent a series of modifications from the base period across several key areas:

- Key areas of consensus outlined in the Executive Summary (updates from the last meeting)
- Stratification specifications and expectations (updates from last meeting)
- Risk model calibration expectations (updates from last meeting)
- Brief review of key technical guidance updates (changes from the base period)
 - ▣ Added evidence standard for risk factor inclusion in the conceptual model
 - ▣ Added more specificity and guidance with respect to locus of control and meaningfully influence
 - ▣ Added guidance for determining bias of a factor that isn't accessible in a data source of sufficient quality
 - ▣ Increased attention to health equity throughout the guidance and noting the role of this guidance
 - ▣ Provided updates to the minimum standards to reflect guidance modifications
 - ▣ Update to the NQF Policy section
 - ▣ Updated the Executive Summary and Conclusion
 - ▣ Added Stakeholder Feedback as Appendix F

Key Areas of Consensus Outlined in the Executive Summary

Review of key areas of consensus (pages 6-7 and 18-19)

- ▣ Developers should prepare a conceptual model that illustrates the pathways between the social and/or functional risk factors, patient clinical factors, healthcare processes, and the measured outcome.
- ▣ Race is qualitatively different as a risk factor from other social risk factors.
- ▣ Measures adjusted for one or more social or functional risk factors should assess a stratification approach, as well as being risk-adjusted.

Are there any additional considerations for these aspects of the report?

Stratification Specifications and Expectations

Review guidance for stratification (pages 36-37 of Technical Guidance)

- ▣ What stratification specifications elements should developers provide?
- ▣ What are the best practices to meet those elements?
- ▣ What are references and examples that we can point to?
- ▣ Are there methodological limitations to stratification that should be outlined, beyond reliability challenges with small numbers, or the ability to identify target populations (e.g., patients from the LGBTQ+ community)?
- ▣ What guidance can be added for helping developers select variables for stratification?

Risk Model Calibration Expectations

Review guidance for risk model calibration by relevant subpopulations

- How does a developer determine which factors for calibration? Does it follow the same approach as stratification?
- What is the expectation of calibration by relevant subgroups and what if that is not achieved, especially in the context of the overall calibration? Does that invalidate the full measure?

Review of Key Technical Guidance Updates

- **Added more specificity on the evidence standard for risk factor inclusion in the conceptual model (pages 17 and 19)**
 - ▣ At a minimum, the conceptual model must be supported by a literature review and supplemented by expert opinion
- **Added more specificity and guidance with respect to locus of control and meaningfully influence (pages 23 and 25)**
 - ▣ Locus of control refers to the scope of actions that the accountable entity can take to influence the measured outcome
 - ▣ Measure developers must examine whether/how much it is within the accountable entity's locus of control to change their treatment plan in response to the risk factor.
 - ▣ Developers can demonstrate an accountable entity's ability to meaningfully influence a factor by citing the primary literature, public reports, case studies, and/or by conducting empirical analyses to determine the variation and degree of impact of a social risk factor to a measured outcome.

Does the TEP have any concerns or further considerations with the edits to these aspects of the guidance?

Review of Key Technical Guidance Updates

- **Added guidance for determining bias of a factor that isn't accessible in a data source of sufficient quality (pages 18 and 27)**
 - ▣ Removed the term, “magnitude” from minimum standard #3
 - ▣ At a minimum, developers should examine previously published evidence and should attempt to estimate the directionality of the bias for the factor of interest by using other studies.
 - ▣ This may be achieved by reviewing the literature to determine how a risk factor might affect subsets of the accountable entities due to how those patients that are at-risk to the outcome (due to the factor of interest) are distributed across the accountable entities.
 - ▣ If there is a high degree of unevenness of the risk factor across accountable entities, two options can be considered. First, the developer may choose to exclude those accountable entities that have a large proportion of the risk factor which would remove these entities from the overall group being measured. Alternatively, the developer may consider including proxy variables in the risk adjustment model based on prior research.

Does the TEP have any concerns or further considerations with the edits to these aspects of the guidance?

Review of Key Technical Guidance Updates

- **Increased attention to health equity throughout the guidance and noting the role of this guidance (pages 8 and 38)**
 - ▣ NQF recognizes that fully addressing inequities associated with race, ethnicity, or social risks requires a holistic policy approach and a private-public sector partnership that goes well beyond the purview of quality measurement.
 - ▣ Stratification of specific subgroups can facilitate the promotion of health equity
 - ▣ Measurement organizations can advance this effort by identifying disparities-sensitive measures, and through the development of measures that directly measure health equity.
 - ▣ The recent ACO REACH* model is a signal towards this holistic approach by implementing a new risk adjusted payment approach that aims to incentivize accountable entities to better support care delivery and coordination for people in underserved communities
 - ▣ This Technical Guidance acknowledges the holistic approach needed to address health equity and focuses on a specific measurement science debate: whether and how to adjust healthcare performance measures for social and functional risk factors so that accountable entities will be compared fairly.

Does the TEP have any concerns or further considerations with the edits to these aspects of the guidance?

*Accountable Care Organization Realizing Equity, Access, and Community Health

Review of Key Technical Guidance Updates

- Provided updates to the minimum standards to reflect guidance modifications
- Update to the NQF Policy section
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**Does the TEP have any concerns or further considerations
with the edits to these aspects of the guidance?**

**Does the TEP have any additional comments and/or feedback on
elements of the Technical Guidance that requires added
consideration and/or clarification?**

NQF Member and Public Comment

Next Steps

Next Steps

- **Public Comment for Technical Guidance**
 - ▣ **August 31 – September 21**

- **Web Meeting #4 (October 24, 2022)**
 - ▣ Discuss and adjudicate public comments received on Technical Guidance
 - ▣ Finalize Technical Guidance updates

- **Updated Technical Guidance Published**
 - ▣ December 21, 2022

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THANK YOU.

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