

## SESSION TITLE:

### Risk Adjustment for Payment and Quality Measurement

#### WORKSHOP OVERVIEW

This half-day workshop will provide an overview of the development and use of models that predict person-level spending, health care resource use, and health care outcomes including quality of care measures. Risk adjustment models are used in the US and internationally for "health-based payment" to health plans, geographic areas, and provider groups, and are increasingly also being used to control for severity in pay-for-performance and quality measurement settings, as well as for case-mix severity controls, identification of patients for case management, provider profiling and forecasting. Commercial models are in use by researchers, governments, health insurance plans, and provider organizations around the world.

Primary attention will be given to models that use diagnosis and demographic information, with some comparisons to other predictive frameworks, such as pharmacy-based models, demographic, lagged spending, and survey-based models. Attendees at this workshop will gain an understanding of these diverse uses, as well as touch upon the incentive problems, statistical issues, and implementation challenges.

Specific topics that will be presented include:

- Comparison of alternative risk adjustment modeling approaches
- Statistical issues with risk adjustment models
- Overview of the Diagnostic Cost Group (DCG) system
- US Medicare program's implementation of DCGs
- Uses of predictive models in the US commercial sector
- Risk adjustment and predictive model implementation internationally
- Uses of risk adjustment for quality measurement and pay for performance
- Areas for future research

#### WORKSHOP FACULTY

Randall P. Ellis

Randall Ellis is a Professor of Economics at Boston University where he has been on the faculty since 1981. He is currently a director of the American Society of Health Economists, as well as an associate editor of the Journal of Health Economics. Professor Ellis is best known for his work on provider and health plan payment incentives, particularly on how payments affect consumer, provider and health plan decisions. He is one of the co-developers of the Diagnostic Cost Group (DCG) risk adjustment model currently being used for the US Medicare program to capitate managed care plans.

#### Expected Audience

- Academics interested in case mix controls for their research.
- Policy makers interested in implementation of risk adjustment models

- Health economists at health plans or other provider organizations interested in patient management or individual level prediction