

DEPARTMENT OF HEALTH & HUMAN  
SERVICES  
Centers for Medicare & Medicaid Services  
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**CENTER FOR MEDICARE**

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**DATE:** September 01, 2023

**TO:** All Medicare Advantage Organizations, Medicare-Medicaid Plans, PACE organizations, and Demonstrations

**FROM:** Jennifer R. Shapiro, Director, Medicare Plan Payment Group

**SUBJECT:** 2024 CMS-HCC Risk Adjustment Model Implementation and Update to Model Output Reports (MORs)

**I. 2024 CMS-HCC Risk Adjustment model updates and implementation**

As described in the 2024 Advance Notice and Rate Announcement, CMS has revised the Part C CMS-Hierarchical Condition Category (HCC) model used to pay for beneficiaries enrolled in Medicare Advantage plans and certain demonstrations (including Medicare-Medicaid Plans (MMPs)). This memo is to inform plan sponsors of system changes that will take effect in January 2024.

For payment year (PY) 2024, CMS is implementing the updated 2024 CMS-HCC model for payment to Medicare Advantage organizations (we will continue to use the 2017 CMS-HCC model for PACE organizations) that contains the following updates:

- Model Recalibration
  - Updates to the data years used for model calibration from 2014 diagnoses to predict 2015 costs (2020 CMS-HCC model) to 2018 diagnoses to predict 2019 costs (2024 CMS-HCC model);
  - Updates the denominator year used to create relative factors from a 2015 denominator year (2020 CMS-HCC model) to a 2020 denominator year (2024 CMS-HCC model).
- Model Reclassification – Updates to the clinical version of the CMS-HCC model from version 24 to version 28.
  - Previous versions of the CMS-HCC model were calibrated with HCCs created using the ICD-9 classification system, whereas the 2024 CMS-HCC model was calibrated with HCCs created based on the ICD-10 classification system.

For PY 2024, risk scores will be calculated as a blend of 67% of the risk scores calculated with the 2020 CMS-HCC model and 33% of the risk scores calculated with the 2024 CMS-

HCC model. The CMS-HCC risk adjustment model blend will be applied starting in the initial 2024 payment year run.

**II. 2024 CMS-HCC Model Reports**

**a. Monthly Membership Report (MMR) data fields:**

The data fields contained in the PY 2024 MMRs are the same as those in the PY 2023 MMRs.

**b. PY 2024 Model Output Reports**

CMS distributes two Model Output Data Files – one for Part C and one for Part D. Within the data files, there are Model Output Reports (MORs) with unique record types that correspond to each model being run for payment. We distribute these MORs to plans to identify the HCCs used to calculate risk scores for each of their enrolled beneficiaries. The following table provides information regarding changes to the MORs that will be generated for the PY 2024 initial, midyear, and final reconciliation payments.

The record types for PY 2024 will include new MOR Detail Record Type M, which is used to report the 2024 CMS-HCC model for non-PACE, non-ESRD beneficiaries.

MOR Record Types, Model Versions, and Data Sources for Payment Year 2024:

2024 Model Run Data Source	Model	Model Version	MOR Record Type
<b>Non-PACE Organizations</b> MOR Record Types (Encounter Data and FFS Based HCCs)	2023 ESRD (Dialysis and Functioning Graft)	V24	L
	2020 CMS-HCC	V24	J
	2024 CMS-HCC	V28	M
	2023 RxHCC	V08	6
<b>PACE Organizations</b> MOR Record Types (RAPS, Encounter Data, and FFS Based HCCs)	2019 ESRD (Dialysis and Functioning Graft)	V21	B
	2017 CMS-HCC	V22	K
	2020 RxHCC	V05	5

Note: there will be no changes to the MOR record types for PACE organizations in PY 2024.

The Plan Communications User Guide (PCUG, [https://www.cms.gov/Research-Statistics-Data-and-Systems/CMS-Information-technology/mapdhelpdesk/Plan\\_Communications\\_User\\_Guide.html](https://www.cms.gov/Research-Statistics-Data-and-Systems/CMS-Information-technology/mapdhelpdesk/Plan_Communications_User_Guide.html)) has been updated to reflect the MOR record layouts that will be used in PY 2024.

Policy questions related to the risk adjustment models should be submitted to the risk adjustment policy mailbox ([riskadjustmentpolicy@cms.hhs.gov](mailto:riskadjustmentpolicy@cms.hhs.gov)).

Operational questions related to the MORs should be submitted to the risk adjustment operations mailbox ([riskadjustmentoperations@cms.hhs.gov](mailto:riskadjustmentoperations@cms.hhs.gov)).

Please use “2024 CMS-HCC Risk Adjustment Model Implementation and Update to Model Output Reports (MORs)” as the subject in all communications regarding this information.

### III. Addendum: Risk score changes that can occur for PY 2024

Below is a summary of how risk scores are updated throughout the year. The application of initial, mid-year, and final risk scores, and the application of Long Term Institutional (LTI) and community status, is not changing. The application of Medicaid status summarized below is how we have been applying and adjusting Medicaid status for Part C (non-ESRD) risk scores since 2017 and Part C (ESRD) risk scores since 2023.

January 2024	<ul style="list-style-type: none"> <li>• Risk score used is the initial risk score.</li> <li>• Community versus LTI status is based on the data collection period.</li> <li>• Medicaid status (full, partial, or non-dual) is based on status in October 2023.</li> </ul>
On or about July 2024	<ul style="list-style-type: none"> <li>• Mid-year risk scores are applied in payment.</li> <li>• LTI/community status is updated, based on the data collection period.</li> <li>• A beneficiary’s risk score will change if:               <ul style="list-style-type: none"> <li>○ Their mid-year risk score differs from their initial risk score. If this is the case, the mid-year risk score is used from July through the end of the year, and payments for January – June are adjusted.</li> <li>○ Their community/LTI status has changed.</li> </ul> </li> </ul>
On or about June 2025	<ul style="list-style-type: none"> <li>• Final reconciliation for PY 2024 takes place.</li> <li>• Final risk scores are applied in payment.</li> <li>• LTI/community status is determined on a month-by-month basis.</li> <li>• At final reconciliation, Medicaid status is no longer determined based on the status three months prior. Instead, the actual Medicaid status for each month is used to determine which community or non-PACE ESRD risk score to apply in payment.</li> <li>• A beneficiary’s risk score will change if:               <ul style="list-style-type: none"> <li>○ Their risk score changed from mid-year 2024 to final 2024.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"><li>○ Their monthly Medicaid status changed.</li><li>○ Their LTI/community status changed for a month.</li></ul>
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