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Making EDGE work for you

Getting the most from your ACA data submissions

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At first glance, it seems like a simple data exercise. In reality, improper process management, a few inaccuracies, or inadequate data security can have a considerable financial impact on your Affordable Care Act (ACA) business.

As we've reached the end of a full decade of External Data Gathering Environment (EDGE) data submissions, issuers *still* confront significant challenges completing the annual cycle and *commonly* face critical problems affecting risk transfer outcomes. More concerning, **our own audits** continue to uncover material errors leading to meaningful revenue loss that were a complete surprise—obscured by either unexpected EDGE logic or a lack of process transparency.

For this article, we've decided to focus on the financial impact that EDGE data can have on your business, even though many other activities in the ACA market also affect final risk transfers (e.g., closing medical coding gaps). Why? Because *all things end with EDGE-accepted data.* Without an accurate submission, any effort to realize your population's actual level of risk in the ACA risk adjustment program is in jeopardy.

The cost of EDGE issues

So what are the potential impacts? Ballpark, for a moderately-sized health plan, each 1.0% change in the total risk score can move final transfers at least $3 to $4 per member per month (PMPM). With such a leveraged relationship, risk score understatements quickly add up. In fact, our own audits of issuer submissions have revealed instances of material errors *worth millions of dollars per year* that occurred *over years.* Even the more modest opportunities we've seen are frequently very material to the bottom line.

Worse, because ACA risk adjustment is zero-sum, this lost revenue effectively becomes an undue gain for your competitors. Given the stakes, managing EDGE server operations is more than a full-time job.

All is not lost, though. There are ways to effectively manage the EDGE cycle, whether shouldering the responsibility yourself or receiving third-party support. Below, we share ideas, actions, and considerations we've gathered over the years to help you get the most out of your ACA data submissions.

Preparing for the EDGE cycle

Internal process oversight and planning

Oversight and workflow management must be addressed well before the EDGE cycle begins to ensure adequate resource coverage and alignment on key tasks and milestones. This includes:

- Building an EDGE staff:
  - An owner accountable for all EDGE coordination and activities
  - Dedicated (no, really, dedicated) resources exclusively assigned to EDGE tasks during (and after) the cycle
  - Where possible, personal goals and incentives tied to EDGE performance
  - Engagement from all business units with a vested interest—from IT, actuarial, finance, and compliance to care management and medical coders
- Delegating functions and responsibility:
  - Interfacing with the Centers for Medicare and Medicaid Services (CMS)
  - Reading EDGE documentation and technical specifications, attending Registration for Technical Assistance Portal (REGTAP) calls, and disseminating the necessary information across the organization

- Understanding internal systems (*and connecting the dots to how those systems can and can't support EDGE requirements*) and processing data
- Reporting, auditing, and error correction
- Documentation and tracking

Where impossible or impractical, some duties may reside outside the core EDGE team. If so, certain EDGE tasks must be prioritized when the need arises.

It's worth highlighting process documentation and tracking from the list above, as these items both assist with internal controls and combat inevitable staff turnover. We've seen many instances of avoidable issues stemming from broken continuity when an employee is "handed an ill-documented mountain of complex code and requirements" after a key EDGE resource leaves.

Vendors: Helpful but not always a panacea

Many issuers, understanding the importance of an accurate EDGE submission, turn to dedicated vendors for assistance. When searching for a partner, there's a mindset that vendors—especially the large, flashy, and well known—perform at the highest level. With a pool of dedicated resources, automated processes, and seemingly deep EDGE knowledge, of course vendor-led submissions will go off without a hitch. Right?

Many of our pre- and post-submission EDGE audits show that's not the case. We **regularly help** issuers that simply handed over responsibility for the entire EDGE process without sufficient engagement or oversight, only to eventually discover critical errors. As noted earlier, the resulting hit to risk transfers can easily reach millions of dollars. These issuers *had* full confidence in their vendors until an independent review proved otherwise.

It seems contrary to the main benefits of hiring a vendor in the first place, but issuers need to manage a third party, arguably, *more closely* than an internal team. Given the lack of direct control and complete visibility, it's incumbent on the issuer to gain comfort with key aspects before beginning the relationship:

- Data security, quality controls, and protocols
- Expertise with EDGE rules, CMS guidance, and ACA risk adjustment
- Submission cadence
- Handling unique data quirks and data transformations
- The type and depth of reports demonstrating submission success and tracking EDGE errors
- Internal auditing, reviews, and checks
- Flexibility and transparency

As noted above, several items should not strictly stop with a vendor. Issuers interested in achieving the correct risk transfer should still independently understand risk adjustment and EDGE rules, know CMS guidance and directives, review all information provided by the vendor, and independently audit submissions (discussed shortly). These steps will help safeguard against risk adjustment results slipping through the cracks.

Building a robust EDGE process

CMS pushes some data tracking and validation through its Baseline checkpoints, outlier metrics, and EDGE error reports. Certainly helpful. However, they cannot be the exclusive means of assessing data quality, as a surprising number of material errors cannot be easily caught by these processes. To combat shortcomings in CMS validations, issuers should include robust reviews, reconciliations, and auditing in its submission routine. We tend to find success with the following elements.

EDGE Test reporting: Reporting based on data in the EDGE Test environment can head off new issues, verify the success of deployed corrections, and ensure all intended information "makes it" to the server. The most robust reporting will include:

- Waterfalls from the starting through accepted EDGE data
- Comparisons to Baseline submissions
- Metrics identifying issues obscured within CMS reporting, such as orphaned claims, invalid rating ages, or even the distribution of CMS-defined enrollment type codes[1]
- Comparisons of EDGE experience data with key performance indicators, internal data warehouse reporting, financial statements, etc.
- Comparisons of EDGE risk scores with risk analytics and tracking created from the CMS “Do It Yourself” software

For issuers seeking to avoid frequent problems late in the submission cycle, EDGE Test reporting is a crucial step prior to finalizing data in Production.

Production validation: The same outbound files and reports are available in both EDGE environments. Because the effort should be minimal, it's prudent to reproduce internal Test reporting after promoting data to Production to ensure the metrics perfectly tie-out or any differences meet expectations.

Detailed and prioritized audits: Issuers often don't have the time or resources to address all rejected information—particularly before the recurring CMS 90/90 checkpoints. Luckily, it’s possible to employ a strategic plan that considers risk adjustment economics to effectively allocate resources and address the most meaningful errors.

All rejected enrollment records affect risk adjustment and, therefore, should be corrected. Some claim and supplemental errors, though, are more important than others. Prioritizing resolutions based on risk transfer impact requires translating each known error into a projected financial result.

Many auditing and validation processes apply to issuers using a vendor and should be implemented wherever possible—especially if not provided directly by the vendor. It may require close coordination, planning, and up-front agreement, but the effort is worth it. Vendors often have some form of a review process with certain checks and balances, but we rarely see a thorough validation of results across all available sources. This is why independent, unbiased, and comprehensive third-party checks can pay off by spotting opportunities missed by those too close to the ground.

EDGE isn't going away soon

It's tempting to toss EDGE aside after the final CMS deadline. Considering submissions will likely be around for a while, issuers should consider ways to create and maintain hard-fought successes over the long term.

Improving processes (at the right time) is important

When you're in the heat of submitting and correcting data, the knee-jerk reaction is traveling the path of least resistance—not process improvements. Temporary fixes are sometimes necessary and certainly can be useful, but the goal should always be to invest the time to make them permanent between cycles.

Typically, this involves tracking key updates during the submission cycle and using those to seed an update log, then making concerted efforts to clean up and enhance the process when time allows. The payoff is often incredibly high and avoids perpetually readdressing the same issues.

Track what matters

There is a ton of value in reviewing certain key metrics longitudinally within a year and across multiple years. Any emerging patterns may highlight individual flaws or systematic weaknesses in your process or your vendor's process. More importantly, planning allows the information to be available precisely when you need it.

Ideally, these metrics live within any recurring reporting produced throughout the EDGE cycle, such as those described earlier. Moreover, they should be meaningful, detailed, and an accurate representation of your past performance.

Concluding thoughts

Across many forums over the years, CMS has stated in no uncertain terms: *the issuer is ultimately responsible for EDGE results.* Fair or unfair, that means it's your job as the health plan participating in the ACA to ensure complete data security, proper adherence to EDGE rules, and submission accuracy—*even if you have no direct involvement in much of the process.* Implementing a robust solution can be costly but often not nearly as costly as even a single year of inaccurate data submissions.

As you look ahead to the next decade of the ACA, now may be the time to reassess your EDGE workflow and to shore up gaps driving resource inefficiencies and lost revenue. Otherwise, the apathetic and uninformed issuer will continue to hinder its success by never reaching its risk adjustment potential while unnecessarily funding the competition.

Limitations

We intend the ideas presented in this paper to guide issuers toward greater success in ACA EDGE server submissions. We believe the concepts are broadly applicable but should not be considered either all-encompassing or relevant in each instance. An issuer may find success in similar, but not identical, tactics specific to its unique circumstance.

Further, any numerical or operational examples reflect our experiences and the clients for whom we provide services. The magnitude of any impact will vary for others for many reasons, including the type and pervasiveness of the errors, the acuity of the members affected, and the size of the company, among other factors.

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[1] For the more technical reader, CMS requires issuers to assign codes to member spans that designates each as a specific "type." It is possible to assign a code that produces no EDGE errors but incorrectly recalculates a member's age in the risk adjustment calculation. And, the higher the average age, the more unfavorable the risk transfer.

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