



### 3.2.5 Part C Risk Score Calculations

There are five steps in the risk score calculation:

1. Sum the demographic and disease factors to determine the raw risk score. This requires adding all of the relative factors from the demographic indicators (age/sex/Medicaid/disability) and all of the relative factors from the disease indicators (HCCs, Interactions, Graft Factors).

$$\text{Raw Risk Score} = \text{Demographic Relative Factors} + \text{Disease Relative Factors}$$

2. Normalize the risk score by dividing the raw risk score by the normalization factor, and then rounding to three (3) decimal places. It is important to remember to round at each step, as not doing so could cause a discrepancy in the final calculation.

$$\text{Normalized Risk Score} = \text{Raw Risk Score} / \text{Normalization Factor}$$

3. If applicable, apply Coding Difference Adjustment by multiplying normalized risk score times (1-Coding Difference Adjustment) and then rounding to three (3) decimal places.

$$\text{Risk Score with Coding Intensity Adjustment} = \text{Normalized Risk Score} * (1 - \text{Coding Intensity Factor})$$

4. If applicable, add frailty factor to the risk score.

$$\text{Risk Score with Frailty} = \text{Risk Score} + \text{Frailty Factor}$$

5. For risk adjusted payment, multiply final risk score times the monthly capitation rate for the beneficiary.

$$\text{Risk Adjusted Payment} = \text{Monthly Capitation Rate} * \text{Risk Score}$$

**NOTE:** The Risk Adjusted Payment may need to be adjusted for Medicare Secondary Payer (MSP), cost sharing reductions, rebates, mandatory supplemental benefits, premiums, and/or premium reductions to obtain the final payment.



HIC: 999567891A  
Age: \_\_\_\_\_  
Sex: \_\_\_\_\_  
Medicaid: \_\_\_\_\_  
OREC: \_\_\_\_\_  
Frailty Indicator: \_\_\_\_\_  
Part C LTI: \_\_\_\_\_  
RAFT Code: \_\_\_\_\_  
HCCs from MOR: \_\_\_\_\_  
Payment Year: \_\_\_\_\_  
Risk Adjustment Model: 2012 PACE  
Plan Monthly Capitated Rate: \$720.00

#### Factors

Normalization Factor: \_\_\_\_\_  
Coding Intensity Factor: \_\_\_\_\_  
Frailty Factor: \_\_\_\_\_

#### Status

#### Factors

Age/Sex Factor: \_\_\_\_\_  
Medicaid Factor: \_\_\_\_\_  
Disability Factor: \_\_\_\_\_

#### Coefficients

#### Factors

Disease HCCs: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Demographic Factors + Diagnostic Coefficients = Raw Risk Score

Sum of Factors: \_\_\_\_\_ + \_\_\_\_\_ = \_\_\_\_\_

Raw Risk Score / Normalization Factor = Normalized Risk Score

Normalized Score: \_\_\_\_\_ / \_\_\_\_\_ = \_\_\_\_\_ Rounded = \_\_\_\_\_

Normalized Risk Score (1 - Coding Difference Adjustment) = Risk Score

With Coding Intensity Factor: \_\_\_\_\_ X (1- \_\_\_\_\_) = \_\_\_\_\_ Rounded = \_\_\_\_\_

Risk score + Frailty Factor = Risk Score with Frailty

With Frailty (if applicable) : \_\_\_\_\_ + \_\_\_\_\_ = \_\_\_\_\_

Risk Score X Monthly Capitation Rate = Risk Adjusted Payment

Risk Adjusted Payment: \_\_\_\_\_ X \_\_\_\_\_ = \_\_\_\_\_



HIC:	999567891A
Age:	63
Sex:	F
Medicaid:	Y
OREC:	1
Frailty Indicator:	Y
Part C LTI:	<Blank>
RAFT Code:	C
HCCs from MOR:	51, 57
Payment Year:	2012
Risk Adjustment Model:	2012 PACE
Plan Monthly Capitated Payment:	\$720.00

	<b>Factors</b>
Normalization Factor:	1.051
Coding Intensity Factor:	0.0341
Frailty Factor:	0.083

	<b>Status</b>	<b>Factors</b>
Age/Sex Factor:	F 60-64	0.416
Medicaid Factor:	1	0.104
Disability Factor:	1	0 (age<65)
Sum of Demographic Coefficients:		0.520

	<b>Coefficients</b>	<b>Factors</b>
Disease HCCs:	51	0.616
	57	0.471
Sum of Disease Coefficients:		1.087

Sum of all Factors:	1.607	$0.520 + 1.087 = 1.607$
Normalized Score:	1.529	$1.607 / 1.051 = 1.5290$ (rounded = 1.529)

With Coding Intensity Factor:	1.477	$1.529 * (1 - 0.0341) = 1.4768$ (rounded = 1.477)
With Frailty:	1.560	$1.477 + 0.083 = 1.560$
Monthly Payment:	\$1,123.20	$1.560 * 720.00 = 1,123.20$