

SESSION TITLE:

Risk Adjustment and Predictive Modeling

WORKSHOP OVERVIEW

This half-day workshop will provide an overview of the development and use of models that predict person-level spending and health care resource use. Risk adjustment models are used in the US and internationally for "health-based payment" to health plans, geographic areas, and provider groups, where economic incentives may matter greatly. Predictive models that do not worry as much about incentives are increasingly being used to predict person-level resource use for diverse other purposes, including case-mix severity controls, identification of patients for case management, provider profiling and forecasting. Population-based predictive models differ from episode models in that person level predictions are made for a fixed period of time, such as a year, rather than for an episode of care. Risk adjustment and predictive models are in use by researchers, governments, health insurance plans, and provider organizations around the world.

Primary attention will be given to diagnosis-based models, 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:

- How do risk adjustment and predictive models differ?
- Selection problems addressed by risk adjustment models
- Comparison of alternative risk adjustment model approaches
- 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
- 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 International Health Economics Association and 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 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