Errata and Updates for the 2nd Edition of Healthcare Risk Adjustment and Predictive Modeling

Last updated 05/16/2025

Errata (Sorted by Page)

Page 264 In Table 13.8, there is a mistake.

The Table as presented in the textbook:

Group	**BL Node**	**Yr 1 Node**	**Avg Cost Baseline PMPM**	**MM Baseline**	**% MM**	**Avg Cost Year 1 PMPM**	**MM Year 1**	**Percent MM**
Terminating	1,2, 12	5, 6, 9, 11, 14, 16, 3, 4, 8, 13	$929.75	31,407	11%	$721.73	53,938	18%
Continuing	3 to 9	15	$706.50	186,918	65%	$623.80	180,522	60%
Newly Identified	13 to 16	10	$601.71	70,571	24%	$528.11	64,582	22%

The Table Corrected:

Group	**BL Node**	**Yr 1 Node**	**Avg Cost Baseline PMPM**	**MM Baseline**	**% MM**	**Avg Cost Year 1 PMPM**	**MM Year 1**	**Percent MM**
Terminating	1,2, 12	5, 6, 9, 11, 14, 16	$929.75	31,407	11%	$721.73	53,938	18%
Continuing	3 to 9	3, 4, 8, 13, 15	$706.50	186,918	65%	$623.80	180,522	60%
Newly Identified	13 to 16	10	$601.71	70,571	24%	$528.11	64,582	22%

Page 286 (Sixth line):

Change the formula to:

$$I = 0.82 * B + 0.18 * H$$

Page 412 (Point 3):

Where it reads:
"transfers revenue from plans with relatively high-risk populations to plans with relatively low-risk populations..."

Substitute with:
"transfers revenue from plans with relatively low-risk populations to plans with relatively high-risk populations..."

The aggregate risk ratio is used to determine what risk adjustment method is used for the different Medicare enrollment types

Page 443: The ACO's continuously assigned beneficiaries' risk scores are recalculated for both CMS-HCC and demographic scores. CMS will then determine whether a prospective HCC or demographic risk adjustment ~~could~~ will be used for the continuously assigned population at the aggregate level (rather than within each Medicare enrollment type). For this calculation, risk ratios for each continuously assigned...

This is a slightly different notation than previously

Page 446:

- **Updated (adjusted) benchmark:** The Benchmark year cost PMPY (C_0) is updated to the first performance year claim cost, C'_{PY1}, in two ways:
  - With the change in risk profile of the population:

$$C'_{PY1} = C_0 \times \frac{R_{PY1}}{R_{B3}}$$

  - By adding the absolute increase in National Parts A and B PMPY (not risk- or trend-adjusted).
- Other required data elements:
  - Performance year expenditures (C_t, $t = 1, 2, 3$)
  - Absolute national increase in per capita expenditures
  - The risk ratio (R_{PY1}/R_{B3}) is calculated per section 22.5

Page 457:

- **Second to last line:** Track 1+, which is the MSSP model with the lowest risk that qualifies as an Advanced APM. Once an ACO enters Track 1+, it may not revert to Track 1, and once the ACO enters Tracks 2 or 3, ...
- **Description of Track 1+:** Two-sided basis. Potential gainsharing up to 50% of savings to a maximum of 10% of benchmark costs. Loss sharing is ~~limited to~~ fixed at 30% of losses. Loss sharing is limited to 4% of benchmark costs OR 8% of fee-for-service revenues.