

42 C.F.R. § 510.301

Determination of reconciliation target prices.

Beginning with performance year 6, the quality-adjusted target price computed under § 510.300 is further adjusted for risk and market trends as described in this section to arrive at the reconciliation target price amount, with the exception of episodes that are reconciled in performance year 6 but subject to a performance year subset 5.2 target price. Specifically:

(a) *Risk adjustment.* (1) The quality-adjusted target prices computed under § 510.300 are risk adjusted at a beneficiary level by a CJR HCC count risk adjustment factor, an age bracket risk adjustment factor, and a dual-eligibility status risk adjustment factor. All three factors are binary, yes/no variables, meaning that a beneficiary either does or does not meet the criteria for a specific variable.

(i) The CJR HCC count risk adjustment factor uses five variables, representing beneficiaries with zero, one, two, three, or four or more CMS-HCC conditions.

(ii) The age bracket risk adjustment factor uses four variables, representing beneficiaries aged—

(A) Less than 65 years;

(B) 65 to 74 years;

(C) 75 years to 84 years; or

(D) 85 years or more.

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