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## Final Call Letter Risk Adjustment Highlights

On 04/06/26 CMS released the Final Notice of Methodological Changes for CY2027 for Medicare Advantage Capitation Rates and Part C and Part D Payment Policies. This document highlights the salient items affecting risk adjustments.

### PROPOSED MODEL CHANGES

#### HCC Model

CMS will continue to use the 2024 CMS-HCC risk adjustment model that was fully implemented for CY 2026, in lieu of the updated risk adjustment model that was proposed in the CY 2027 Advance Notice, in order to allow the MA market more time to adjust to the completed phase in of the 2024 CMS-HCC risk adjustment model. The model will be updated to exclude diagnoses from audio-only services and those submitted on unlinked chart review records from risk score calculation, with an exception for members who switch between MA organizations from one year to the next.

#### ESRD Model

CMS will continue using the 2023 v24 ESRD risk adjustment models, which is described in the CY 2023 Final Notice.

#### RxHCC Risk Adjustment Model

CMS will use an updated RxHCC model with calibrated diagnosis and cost data updated from 2022 diagnoses and 2023 costs to 2023 diagnoses and 2024 costs. The denominator for this proposed model is updated from 2023 to 2024. The model will be updated to exclude diagnoses from audio-only services and those submitted on unlinked chart review records from risk score calculation, with an exception for members who switch between MA organizations from one year to the next.

### FORMULA FACTOR CHANGES

Factor	Current CY2026	Proposed CY2027	Impact
MA Coding Adjustment	-5.90%	-5.90%	No Change
Normalization 2024 CMS-HCC Model 28	1.067	1.079	Negative
RxHCC Normalization For Pdps	1.194 0.887	1.109 1.005	Positive Negative
ESRD Dialysis	1.062	1.072	Negative
ESRD Functioning Graft	1.104	1.119	Negative

### FOR MORE INFO

<https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Announcements-and-Documents>



**C**ognisight—a risk adjustment partner you can trust—leading the industry through collaboration, quality, and transparency. As leaders in the ever-changing health information landscape, we analyze data to deliver accurate, high quality, and transparent risk adjustment solutions. We combine expert knowledge of workflows across the health system, claims processing, and managed care with a strong focus on providing unparalleled service to deliver accurate, quality, and transparent results.

## CONTACT US

We're pleased to bring you this important insight. Should you have any questions about this information, please do not hesitate to contact:

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