

# Medicare Advantage Risk Adjustment Data Validation/ Calculation of Medicare Part C Composite Payment Error

Client: U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services

## Overview

Insight provided statistical support for the Medicare Advantage Risk Adjustment Data Validation (RADV) contract for Medicare Advantage Plans. The wide range of tasks included development of a sample design and analysis plan and implementation of three samples (national, targeted, and random) of continuously enrolled Medicare Advantage enrollees for whom the contract received a Part C risk-adjusted payment during the calendar year.

The project sought to derive national and contract-level annual payment error estimates. The estimates met the Office of Management and Budget requirements for deriving annual payment error and Centers for Medicare & Medicaid Services' (CMS) requirements for deriving contract-level estimates to conduct payment adjustments. As a subcontractor to Deloitte, Insight—

- Provided expertise in sampling, weighting, variance estimation, and estimation procedures for the 2007, 2008, and 2009 samples of enrollees
- Helped CMS develop specifications for implementing the statistical estimation methodology for the Medicare Part C composite error payment using the three risk components of the payment system (Medicare Advantage Prescription Drug System, Medicaid status, and Risk Adjustment Factor) specifically for calculating the error related to Medicaid status
- Helped design the overall analytic approach and process for medical record review activities to validate Medicare Advantage risk-adjusted payments



- Conducted analysis; developed reports; calculated initial and final payment error estimates; developed and maintaining a Centralized RADV Data and medical record Abstraction and Reporting Tool; managed project data
- Worked with medical record review contractors to coordinate medical record requests
- Worked with other contractors to accomplish the analytic tasks for the overall RADV project

## Products

- ▶ Internal report for CMS distribution, *Medicare Advantage Risk Adjustment Data Validation Sampling Specifications: Selection of Enrollees for the National, Targeted, and Random Samples*
- ▶ Internal memorandum for CMS: *Review of CMS Approach: Estimation of Part C Payment Errors Due to Incorrect Medicaid Eligibility Determinations* (July 2008)
- ▶ Internal memorandum for CMS, *Review of CMS Approach to Medicare Part C Composite Payment Error Methodologies: Medicare Advantage Prescription Drug System (MARx) and External Data* (July 2008)