

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

Project Overview

Insight provides statistical support for the Medicare Advantage Risk Adjustment Data Validation (RADV) contract for Medicare Advantage Plans. This involves a wide range of tasks including the development of a sample design and analysis plan and implementation of 3 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 goal of the process is to derive national and contract-level annual payment error estimates.



These estimates meet the Office of Management and Budget (OMB) requirements for deriving annual payment error and Centers for Medicare and Medicaid Services (CMS) requirements for deriving contract-level estimates to conduct payment adjustments. Insight, as a subcontractor to Deloitte, provided expertise in sampling, weighting, variance estimation, and estimation procedures for the 2007, 2008, and 2009 samples of enrollees. Insight also helped CMS to develop specifications for implementing the statistical estimation methodology for the Medicare Part C composite error payment using the 3 risk components of the payment system (Medicare Advantage Prescription Drug System (MARx), Medicaid status, and Risk Adjustment Factor) specifically for calculating the error related to Medicaid status.

Insight also helped to design the overall analytic approach and process for the medical record (MR) review activities to validate Medicare Advantage risk-adjusted payments. This process involves analysis; developing reports; calculating initial and final payment error estimates; developing and maintaining a Centralized RADV Data and MR Abstraction and Reporting Tool; managing project data; working with the medical record review contractors (MRRCs) to conduct/coordinate MR requests; and working with other contractors to accomplish the analytic tasks for the overall RADV project.

Core Activities

Survey Design; Complex Survey Data Analysis; Secondary Data Analysis and Simulations; Report Development and Presentation

Products

- A report for internal CMS distribution entitled “Medicare Advantage Risk Adjustment Data Validation Sampling Specifications: Selection of Enrollees for the National, Targeted, and Random Samples”
- Two memoranda for internal CMS distribution:
 - “Review of CMS Approach: Estimation of Part C Payment Errors Due to Incorrect Medicaid Eligibility Determinations.” (July 2008) The purpose of this memorandum was to review the estimator for Part C Payment Error due to incorrect Medicaid eligibility determinations (e.g., incorrect dual-eligibility status).
 - “Review of CMS Approach to Medicare Part C Composite Payment Error Methodologies: Medicare Advantage Prescription Drug System (MARx) and External Data.” (July 2008) The purpose of this memorandum was to help CMS develop the programming specifications for implementing the statistical estimation methodology for the Part C composite error amount and rate.

