



# Medicare Advantage Encounter Data: What You Need to Know

## Encounter Data and Risk Scores

**What is Encounter Data?** Encounter data is detailed data generated by health care providers, such as doctors and hospitals, that documents both the clinical conditions they diagnose as well as the services and items delivered to beneficiaries to treat these conditions. The Centers for Medicare & Medicaid Services (CMS) began collecting encounter data from Medicare Advantage plans in 2012.

**How Are Enrollee Risk Scores Currently Determined?** Until 2016, enrollee risk scores were calculated based on diagnoses submitted by Medicare Advantage plans to CMS via the Risk Adjustment Processing System (RAPS). These

diagnoses must be supported by information in the beneficiary's medical record, and are subject to CMS audit. In 2016, CMS began to separately calculate enrollee risk scores using diagnoses submitted through the encounter data and then blend this risk score with the one calculated using RAPS. In 2016, the risk score was a blend of 90 percent RAPS and 10 percent encounter data. In 2017, CMS will blend the risk score at 75 percent RAPS and 25 percent encounter data.

## What Is CMS Proposing?

For 2018, CMS is proposing to keep the proportion of the risk score based on encounter data at 25 percent. In addition, CMS is asking for feedback on establishing a uniform industry-wide adjustment factor that would prevent risk scores from being reduced from the use of encounter data.

## What Should Be Done?

Plans have invested significant time and resources in developing, testing, and implementing data transmission systems and working with CMS to improve the encounter data process. However, there are ongoing challenges with the completeness and accuracy of the data. CMS implicitly acknowledges this, and studies confirm that risk scores are being reduced through the implementation of the encounter data system.

**We appreciate CMS's acknowledgement of concerns about the impact of encounter data on risk scores. It is critical that the final rate notice ensure that plan risk scores are not lowered because of problems with the implementation of the encounter data system.**

## Encounter Data: By the Numbers

10%

In 2016, CMS began to base 10 percent of the Medicare Advantage enrollee risk score calculation on diagnoses submitted through encounter data.

25%

For 2018, CMS is proposing to maintain the proportion of the risk score based on encounter data at 25 percent.

4-16%

Two recent studies from Milliman and Avalere found that risk scores calculated based on encounter data were 4 percent to 16 percent lower on average in comparison to the current data system.

## What Role Does Encounter Data Play in the Medicare Advantage Program?

Encounter data reported by Medicare Advantage plans can be used for a variety of oversight and health policy purposes, such as gaining insight into how Medicare Advantage plan processes may affect care delivery and patient utilization. In addition, encounter data-based diagnoses are now used in part for calculating risk scores for Medicare Advantage enrollees. Encounter data is not otherwise used to determine payments in the Medicare Advantage program.

## How Can the Use of Encounter Data Reduce Plan Payments?

Three recent studies suggest that the use of encounter data for Medicare Advantage risk scores would reduce payments.

On January 26, [Avalere](#) released the executive summary of a study – sponsored by the RISE Association – that found average risk scores using encounter data were 16 percent lower in the 2016 payment year compared to scores under RAPS. Avalere analyzed data from eight plans, representing 1.1 million beneficiaries, for their study.

Similarly, [Milliman](#) released a white paper on January 13 that found that the median percentage difference between 2016 payment year risk scores based on RAPS and encounter data would be -4 percent. Milliman’s study analyzed data from 15 plans, representing over 900,000 beneficiaries.

In addition, the [Government Accountability Office](#) (GAO) released a report on January 17 that updated its July 2014 study on the steps CMS has taken to validate Medicare Advantage encounter data. GAO determined that CMS has yet to undertake activities that fully address encounter data accuracy, such as reviewing medical records, and that numerous stakeholders are concerned with CMS’s ability to properly identify diagnoses used for risk adjustment.

GAO concluded that, “To the extent that CMS is making payments based on data that have not been fully validated for completeness and accuracy, the soundness of billions of dollars in Medicare expenditures remains unsubstantiated. **Given the agency’s limited progress, GAO continues to believe that CMS should implement GAO’s July 2014 recommendation that CMS fully assess data quality before use.**”

