

GAO Highlights

Highlights of [GAO-14-571](#), a report to the Ranking Member, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

Medicare Advantage—the private plan alternative to the traditional Medicare program—provides health care for nearly 15.5 million enrollees, about 30 percent of all Medicare beneficiaries. After a multiyear rollout, CMS began collecting encounter data in January 2012. GAO was asked to review CMS’s plans for using MA encounter data and its efforts to validate the data’s quality.

This report examines (1) how the scope of MA encounter data compare with CMS’s current risk adjustment data, (2) the extent to which CMS has specified plans and time frames to use encounter data for risk adjustment and other purposes, and (3) the extent to which CMS has taken appropriate steps to ensure MA encounter data’s completeness and accuracy. In addition to reviewing laws, regulations, and guidance on MA encounter data collection and reporting, GAO interviewed CMS officials and representatives of MAOs. GAO also compared CMS’s activities to the protocol CMS developed to validate Medicaid encounter data—comparable data collected and submitted by entities similar to MAOs.

What GAO Recommends

CMS should establish specific plans for using MA encounter data and thoroughly assess data completeness and accuracy before using the data to risk adjust payments or for other purposes. While in general agreement, HHS did not specify a date by which CMS will develop plans for all authorized uses of encounter data and did not commit to completing data validation before using the data for risk adjustment in 2015.

View [GAO-14-571](#). For more information, contact James Cosgrove at (202) 512-7114 or cosgrovej@gao.gov.

July 2014

MEDICARE ADVANTAGE

CMS Should Fully Develop Plans for Encounter Data and Assess Data Quality before Use

What GAO Found

The Centers for Medicare & Medicaid Services (CMS) is collecting Medicare Advantage (MA) encounter data—information on the services and items furnished to enrollees—that are more comprehensive than the beneficiary diagnosis data the agency currently uses to risk adjust capitated payments to MA organizations (MAO). CMS, an agency within the Department of Health and Human Services (HHS), makes these adjustments to reflect the expected health care costs of MA enrollees. Encounter data have many more elements—including procedure codes and provider payments—from a wider range of provider types—such as home health agencies and skilled nursing facilities—thus expanding the scope of sources for diagnosis and other information.

CMS has not fully developed plans for using MA encounter data. The agency announced that it will begin using diagnoses from both encounter data and the data it currently collects for risk adjustment to determine payments to MAOs in 2015. However, CMS has not established time frames or specific plans to use encounter data for other potential purposes.

CMS has taken some, but not yet all, appropriate actions to ensure that MA encounter data are complete and accurate. (See figure.) The agency has established timeliness and frequency requirements for data submission, but has not yet developed requirements for completeness and accuracy. Also, the agency has certified nearly all MAOs to transmit encounter data. Although CMS performs automated checks to determine whether key data elements are completed and values are reasonable, it has not yet performed statistical analyses that could detect more complex data validity issues. For example, CMS has not yet generated basic statistics from the data by demographic group or provider type to identify inconsistencies or gaps in the data. Also, it has not yet reviewed medical records to verify diagnoses and services listed in encounter data or reported what it has learned about data quality to MAOs. Agency officials told GAO they intend to perform these additional quality assurance activities but have not established time frames to do so.

Status of the Centers for Medicare & Medicaid Services’ Activities to Validate Medicare Advantage (MA) Encounter Data, May 2014

ACTIVITY	STATUS
Establish requirements for collecting and submitting MA encounter data	●
Review MA organizations’ capability to collect and submit encounter data	●
Perform automated checks on submitted data for completeness and accuracy	●
Conduct statistical analyses on encounter data for completeness and accuracy	○
Review medical records to verify encounter data	○
Summarize findings on encounter data completeness and accuracy to provide recommendations to MA organizations	○

● Addressed ● Partially addressed ○ Not yet addressed

Source: GAO. | GAO-14-571