

Medicare Part C Payment Error High-Priority Program Improper Payment Report

Centers for Medicare and Medicaid Services
Center for Medicare
Medicare Plan Payment Group
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Introduction

- The Improper Payments Information Act of 2002 (IPIA), as amended by the Improper Payment Elimination and Recovery Act of 2010 (IPERA), requires government agencies to identify, report and reduce erroneous payments in the government's program and activities.
- Executive Order 13520 (EO) on Reducing Improper Payment (issued November 20, 2009) also requires government agencies to identify high-priority programs in which the highest dollar value or majority of Government-wide improper payments occur, and to submit targets for reducing and recovering improper payments.

Table 1: FY 2009 and FY 2010 Reporting Part C Composite Payment Error Estimate

FY 2009 ¹	(b)(5)	15.4%	\$11,971,619,277
FY 2010 ²	(b)(5)	14.1%	\$13,551,311,955

¹For FY 2009 reporting, payment error estimates were based on CY 2007 payments.

²For FY 2010 reporting, payment error estimates were based on CY 2008 payments.

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FY 2010 Part C Composite Measure

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Part C Risk Adjusted Payments

- Part C Medicare Advantage (MA) Plans are paid a monthly capitated amount for each enrollee.
- Payment takes into account the relative health status of each enrollee.
- Health status and payment risk scores for each beneficiary are established using diagnosis data from FFS claims and risk adjustment data submitted by the MA plans.
- The CMS-HCC risk adjustment model, based on 70 Hierarchical Condition Categories (HCCs), is used to derive risk scores.
- The model is additive and enrollees may have more than one HCC.
- Plans have an incentive to submit more diagnoses.

Risk Adjustment Error (RAE) Process

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Methodology for Calculating

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Table 2.

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Table 3. (b)(5) **FY 2012 – FY 2014**

Reporting Year for Part C Composite Improper Payment Rate	Reporting Year for (b)(5)	Payment Year	Part C Targets as reported in the FY 2010 AFR
FY 2011	FY 2012	CY 2009	(b)(5)
FY 2012	FY 2013	CY 2010	(b)(5)
FY 2013	FY 2014	CY 2011	(b)(5)

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Corrective Action

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Contract-Level RADV Audits

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Status of RADV Audits

- In December 2010, CMS requested public comment on the RADV contract-level payment error calculation methodology.
- CMS received over 500 comments.
 - These comments express significant resistance to the implementation of the RADV audits and payment recovery based on extrapolated payment error estimates.
 - Successful payment recovery based on payment error identified in these RADV audits will depend on CMS' ability to address the challenges raised.
- CMS is expecting to respond to the comments and finalize the payment error calculation methodology and overall strategy shortly.

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