

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
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Baltimore, Maryland 21244-1850



## MEDICARE PLAN PAYMENT GROUP

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DATE: September 22, 2016

TO: All Medicare Advantage Organizations, PACE Organizations, Medicare- Medicaid Plans, Section 1833 Cost Contractors and Section 1876 Cost Contractors, and Demonstrations

FROM: Cheri Rice, Director  
Medicare Plan Payment Group

SUBJECT: **Reporting and Returning Risk Adjustment Related Overpayments - *Encounter Data***

On February 18, 2015, CMS published “*Guidance for Reporting and Returning Medicare Advantage Organization and/or Sponsor Identified Overpayments to the Centers for Medicare & Medicaid Services (CMS)*.” As a follow-up to this memorandum, CMS is providing organizations with guidance for reporting and returning overpayments resulting from unsupported diagnoses that were submitted on encounter data records (EDRs).

Per 42 CFR 422.310, encounter data is risk adjustment data and, therefore, all statutory and regulatory requirements for reporting and returning a risk adjustment related overpayment apply to encounter data. Beginning with payment year (PY) 2015, encounter data are included as a source of data for risk adjusted payment. Therefore, organizations must remove erroneous data from encounter data beginning with data used for payment in PY 2015 (i.e., encounter data from dates of service in 2014).

Specifically, organizations must:

- Delete unsupported diagnoses from *both* the Risk Adjustment Processing System (RAPS) and the Encounter Data Processing System (EDPS) starting with dates of service in 2014.
- Delete each instance of unsupported diagnoses.

Risk adjustment rules apply to data submitted on EDRs in the same way it applies to RAPS data:

- Diagnoses must be documented in the medical record.
- Risk adjustment eligible diagnoses are diagnoses that meet CMS’s filtering rules (for example, specialty codes are used to determine risk adjustment eligible diagnoses for RAPS data and acceptable HCPCS code are used for encounter data).
- CMS will only use risk adjustment eligible diagnoses from EDRs submitted by the final risk adjustment deadline for the payment year.

Organizations should continue to contact the MAPD help desk to report any risk adjustment overpayments, and then return the overpayment by deleting erroneous data from both RAPS and EDPS submissions. While organizations must continue to open a Remedy ticket when they have an overpayment, whether via RAPS submissions or EDS submissions, plans will not need to populate the ticket number on the file when they return overpayments with the submission of EDRs.

Please refer to the December 22, 2015, HPMS memo regarding encounter data filtering, *Final Encounter Data Diagnosis Filtering Logic*, to identify data that impacts risk score calculations. CMS will provide further operational guidance for EDPS overpayment returns in the Companion Guide in the near future.

For questions relating to this memo, please email [riskadjustment@cms.hhs.gov](mailto:riskadjustment@cms.hhs.gov) and specify “HPMS memo- Reporting and Returning Risk Adjustment Related Overpayments - Encounter Data” in the subject line.