

Fast Facts

Overview

The Medicare Advantage (MA) **Risk Adjustment Data Validation** (RADV) program is CMS' primary way of ensuring accurate payments are made to Medicare Advantage Organizations (MAOs) based on the health status of their enrolled beneficiaries. RADV audits are critical because MAOs that report less healthy enrollees receive higher Medicare payments through a risk adjustment process.

During a RADV audit, CMS reviews enrollees' medical records for a previous payment year to determine if diagnoses submitted by an MAO for risk adjustment are supported by the enrollees' medical records in accordance with industry coding guidelines. If enrollees' diagnoses are unsupported, CMS may have overpaid the MAO and can recoup overpayments. For Payment Years (PYs) 2011 – 2013, RADV audits found between **5% - 8% in overpayments** to audited MAOs. It is estimated that unsupported medical diagnoses result in overpayments to MAOs of approximately **\$17 billion annually**.

To combat waste and abuse in MA, CMS is significantly expanding and accelerating its RADV audits to expedite overpayment identification and recovery.

Improper Payment Numbers – PY 2022



Methodology Updates



CMS will Audit All RADV-Eligible Contracts

The number of audited MAO contracts has varied over time. For example, audits for Payment Years (PYs) 2011 - 2013 targeted 30 contracts each. However, audits for PY 2019 and beyond will include **ALL RADV-eligible MAO contracts**.



CMS will Use Statistical Sampling

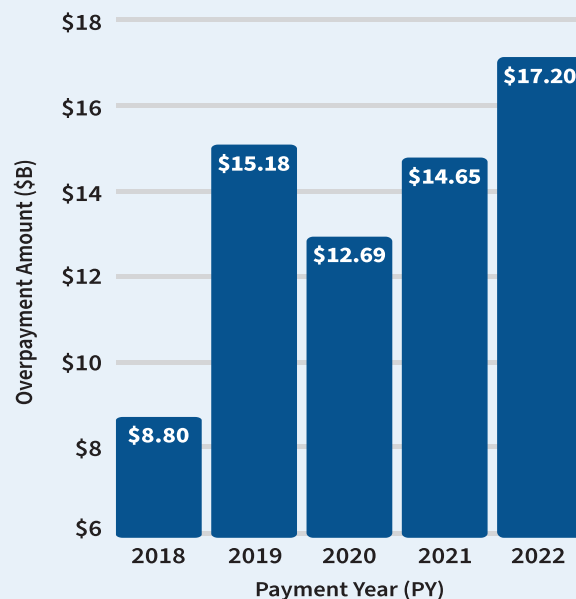
Beginning with reviews of PY 2018, the RADV program will use statistical sampling to **extrapolate audit findings**. This process will permit CMS to recoup contract-specific overpayments based on a larger population than sample records audited, drastically increasing CMS' recovery of taxpayer dollars.



CMS will Review More Records

In previous years, RADV audits sampled 35 enrollees per contract. Starting for PY 2020, audits will sample **35-200 enrollees** to estimate overpayments.

Estimated Overpayments (in billions)*



*Overpayments as identified through the Part C Improper Payment Measure (IPM)