

Medicare Part C Improper Payment Measurement Program – Improper Payment Rates

Improper Payment Error Rate Results

For FY 2019 reporting, CMS reported an improper payment measurement (IPM) for the Part C program based on CY 2017 payments¹. In the CY 2017 Part C IPM, the payment error rate of 7.87% met the target established for FY 2019 reporting of 7.90%. This is a decrease of 0.23 percentage points from the 8.10% payment error rate reported for CY 2016 (in FY 2018). The CY 2017 Part C IPM, the analysis both overpayments and underpayments decreased, resulting in the decrease in improper payments.

- The Part C Payment Error Rate due to overpayments decreased by 0.1% from CY 2016 (4.7%) to CY 2017 (4.6%).
- The Part C Payment Error Rate due to underpayments decreased by 0.1% from CY 2016 (3.4%) to CY 2017 (3.3%).

The CY 2017 Part C Estimated Gross Payment Error is approximately \$16.73 billion and the Net Payment Error Estimate is approximately \$2.8 billion. **Table 1** presents the CY 2017 Part C Payment Error Estimate results.

Table 1: CY17 Part C Payment Error Estimates for FY 2019 Reporting

Type of Estimate	Part C Error
Overpayments	\$9,780,216,279
Underpayments	\$6,948,363,797
Gross Payments in Error (error rate numerator)	\$16,728,580,076
Part C Denominator	\$212,444,676,396
Payment Error Rate	7.87%
Net Payment in Error	\$2,831,852,482
Net Payment Error Rate	1.33%
Unknown Monetary Loss*	\$378,035,024
Percent of Gross Payments in Error Due to Unknown Monetary Loss	2.26%

*"Unknown" monetary loss is due to no medical records being submitted to support the payments (i.e., missing medical records).

¹ Information on the Part C Improper Payment Measure is available in the Department of Health and Human Services Agency Financial Report for FY 2019, and prior years' data are available at <https://www.hhs.gov/about/agencies/asfr/finance/financial-policy-library/agency-financial-reports/index.html>.

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Findings on Overpayments

Overpayments occur when MA Organizations’ original CMS-HCCs reported to CMS for payment are not identified during medical record review.

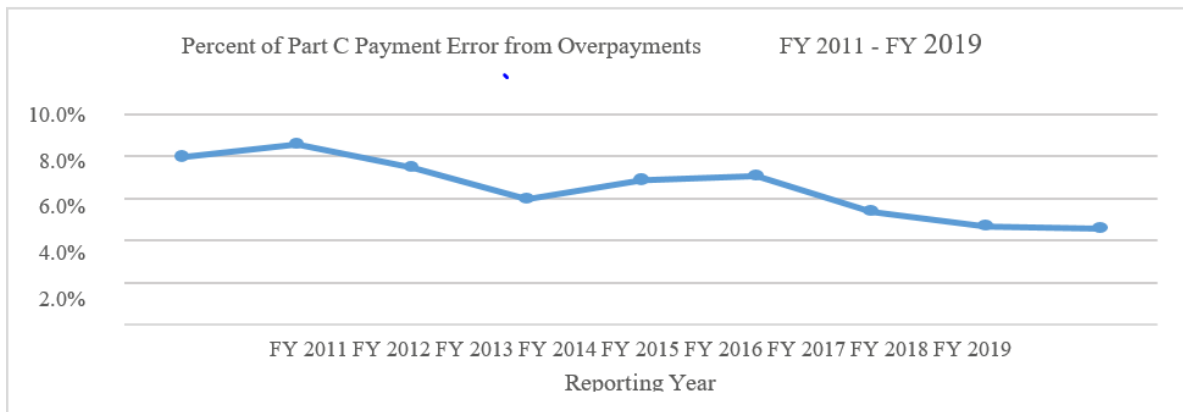
- The overall percent of sampled CMS-HCCs that were discrepant (i.e., not confirmed during medical record review) decreased from CY 2015 to CY 2016 and from CY 2016 to CY 2017.
- The number of enrollees with overpayments in the sample decreased from CY 2015 to CY 2016 and from CY 2016 to CY 2017.
- The increase in total Part C payments from CY 2016 (\$192 billion) to CY 2017 (\$212 billion) more than offset the increase in total estimated overpayments from CY 2016 to CY 2017, resulting in a lower payment error rate due to overpayments.

Table 2 and **Figure 1** present the percent of the payment error attributed to overpayments from FY 2011–FY 2019.

Table 2: Part C Population Error from Overpayments FY 2011 – FY 2019

FY	Overpayments
FY 2011	8.0%
FY 2012	8.6%
FY 2013	7.5%
FY 2014	6.0%
FY 2015	6.9%
FY 2016	7.1%
FY 2017	5.4%
FY 2018	4.7%
FY 2019	4.6%

Figure 1: Part C Population Error from Overpayments FY 2011 – FY 2019



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Findings on Underpayments

Underpayments occur when MA Organizations’ CMS-HCCs not originally reported to CMS for payment are identified during medical record review.

- Medical record reviewers identified more unreported (i.e., additional) CMS-HCCs in CY 2017 than CY 2016 (622 versus 605).
- Overall, the proportion of additional CMS-HCCs that resulted from identification of a new hierarchical condition that is associated with a disease hierarchy (i.e., not a change in severity level from what the MA Organization reported originally) increased from CY 2016 to CY 2017.
- The number of enrollees with underpayments in the sample increased from CY 2015 to CY 2016 and from CY 2016 to CY 2017.
- The increase in total Part C payments from CY 2016 (\$192 billion) to CY 2017 (\$212 billion) more than offsets the actual dollar increase in total estimated underpayments from CY 2016 to CY 2017, resulting in a lower payment error rate due to underpayments.

Table 3 and **Figure 2** present the percent of the payment error attributed to underpayments from FY 2011– FY 2019.

Table 3: Part C Population Error from Underpayments FY 2011 – FY 2019

FY	Underpayments
FY 2011	3.0%
FY 2012	2.8%
FY 2013	2.0%
FY 2014	3.0%
FY 2015	2.6%
FY 2016	2.9%
FY 2017	2.9%
FY 2018	3.4%
FY 2019	3.3%

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Figure 2: Part C Population Error from Underpayments FY 2011 – FY 2019

