DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850

CENTER FOR MEDICARE

DATE: December 1, 2025

TO: All Medicare Advantage Organizations, PACE Organizations, Cost Contractors, and Demonstrations

FROM: Jennifer R. Shapiro, Director, Medicare Plan Payment Group

SUBJECT: Reminder of Existing Requirements to Report and Return Risk Adjustment Overpayments for Non-Active Contracts

This memo is to remind Medicare Advantage Organizations, PACE Organizations, Cost Contractors, and any demonstration plans that their obligation to report and return risk adjustment overpayments to CMS (see 42 CFR 422.326) continues after a contract is non-renewed/terminated (i.e., consolidated, withdrawn, or terminated).[1]

Once the contract is no longer active, risk adjustment related overpayments identified by non-renewed/terminated contracts must be reported to CMS in the Risk Adjustment Overpayment Reporting (RAOR) module in HPMS.

It is important to note CMS does not rerun models for payment whenever an organization submits a risk adjustment data correction. Instead, CMS processes model reruns of risk adjustment data for all organizations for a particular payment year based on routine payment processing cycles and schedules. CMS announces each of these schedules to the industry in advance of each overpayment rerun. As a result, the process for how a risk adjustment overpayment is reported and returned to CMS will depend on when the organization identifies those corrections:

- If an organization successfully submitted data corrections before the deadline announced for the applicable payment year AND the rerun for that payment year is completed prior to final settlement of the contract, then the data corrections will be included in the reconciliation at final settlement of the contract. Successfully submitted means that your Risk Adjustment Processing System (RAPS) and/or Encounter Data Processing System (EDPS) file was sent, received, all errors and rejections corrected, and accepted by the

[1] Note that the submission of overpayment reports for payment years (PYs) 2020-2024 are currently suspended (May 30, 2025 HPMS memo, *Deadlines for the Submission of Risk Adjustment Data for Risk Adjustment Data Validation Sampling).*

appropriate system prior to the applicable risk adjustment data submission deadline.

- If an organization did not successfully submit data corrections before the deadline announced for the applicable payment year OR the rerun for that payment year is not completed before the final settlement of the contract, the data will not be processed and will not be included in the reconciliation at final settlement of the contract. Therefore, the organization must report the data corrections to CMS in the RAOR module in HPMS and include an auditable estimate of the total overpayment amount (including how the estimate was derived), the reason for the overpayment, and the reason data is not available for submission. When asked the reason the data is not available for submission, include the phrase “terminated contract” along with any other information describing why the data was not submitted to RAPS/EDPS in the response.

To be clear, an organization has not satisfied its obligation to report and return overpayments with respect to a non-renewed/terminated contract by simply submitting risk adjustment data corrections prior to the final settlement of the contract. As discussed above, risk adjustment data corrections submitted prior to the final settlement of the contract will not be processed or included in the reconciliation at final settlement of the contract unless they were successfully submitted prior to the deadline for the applicable overpayment rerun for the relevant payment year AND that payment year was rerun prior to final settlement of the contract.

MA organizations should not submit overpayment reports containing auditable estimates to the RAOR module in HPMS for payment years that occur after the contract is non-renewed/terminated (e.g., a contract that terminates on 12/31/2024 should not submit an overpayment report to the RAOR module in HPMS for PY 2025).

Questions related to this memo should be sent to riskadjustmentpolicy@cms.hhs.gov. Please use ‘HPMS Memo- Reminder of Existing Requirements to Report and Return Risk Adjustment Overpayments for Non-Active Contracts’ as the subject in all communications regarding this memo.