

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



## **MEDICARE PLAN PAYMENT GROUP**

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**DATE:** May 13, 2026

**TO:** All Medicare Advantage, Cost, PACE, and Demonstration Organizations  
Systems Staff

**FROM:** Shruti Rajan, Acting Director, Medicare Plan Payment Group

**SUBJECT:** Announcement of Encounter Data MAO-002 Updates

This memorandum describes updates to the MAO-002 report. These updates align with policies finalized in the Announcement of Calendar Year (CY) 2027 Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies and address how unlinked chart review records and audio-only services are evaluated for risk adjustment eligibility. The update to the MAO-002 report will be applicable for submissions on or after May 14, 2026, for dates of service on or after January 1, 2026.

### **Unlinked Chart Review Records**

Beginning May 14, 2026, unlinked chart review records submitted on the MAO-002 report will receive:

- Risk Adjustment (RA) Flag: PD (Preliminary - Disallowable)
- Reason Code: PD (Preliminary – Disallowable) - Submission Date exceeds the deadline for the RA Service Year, or the record is an Unlinked Chart Review Record for a non-PACE plan contract ID.

This applies when both of the following conditions are met:

1. The service through date is on or after January 1, 2026, and
2. The submitted encounter does not contain a PACE plan contract ID.

## Audio-Only Services

Utilizing the RA flag and reason codes defined in the February 10, 2022, HPMS Memo “Announcement of Enhancements to MAO-002 Report”; beginning May 14, 2026, a professional, DME, or institutional outpatient encounter on the MAO-002 report will receive:

- RA Flag: PD (Preliminary – Disallowable)
- Reason Code: PH (Preliminary – CPT/HCPCS code is NOT allowable for Risk Adjustment)

This applies when either of the following conditions is met:

1. The service date is before January 1, 2026, and none of the accepted service lines contain a CPT/HCPCS code on the Risk Adjustment Allowed HCPCS list for that calendar year, or
2. The service date is on or after January 1, 2026, and all accepted service lines are submitted for audio-only services (using modifier “93” or “FQ”) with a CPT/HCPCS code on the Calendar Year Risk Adjustment Allowed HCPCS list.

For questions related to this memo, please contact the CMS Risk Adjustment mailbox at [riskadjustmentoperations@cms.hhs.gov](mailto:riskadjustmentoperations@cms.hhs.gov) with the subject line ‘Announcement of Encounter Data MAO-002 Updates’.