

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



**CENTER FOR MEDICARE**

---

**DATE:** March 15, 2024

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

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

**SUBJECT:** Support for Use of Encounter Data in Overpayment Reruns

On February 29, 2024, the Centers for Medicare & Medicaid Services (CMS) released an HPMS memo entitled “2024 Risk Score Reruns for Purposes of Payment Recovery.” As discussed in that memo, CMS will be taking into account diagnoses deleted from the encounter data system (“encounter data deletes”) in the processing of overpayments starting this year. We have received a number of questions regarding how deleted diagnoses are reported back to submitters. As part of our efforts to respond to these inquiries and support Medicare Advantage (MA) organizations and other entities that submit risk adjustment data, CMS is sending this memo to describe how to identify deleted diagnoses using CMS reports. We also provide a compilation of existing resources to support MA and other organizations in understanding the risk adjustment eligibility status of the diagnoses they submit to the encounter data system.

MA and other organizations submit Encounter Data Records (EDRs) and Chart Review Records (CRRs) to CMS to report all items and services provided to plan enrollees and then CMS applies filtering logic to determine which diagnoses are risk adjustment eligible.<sup>1</sup> CMS sends a MAO-002 report following submission indicating whether the EDR or CRR was accepted, any edits that were applied to the submission, and a preliminary assessment of the risk adjustment eligibility of the diagnosis. For each month that has a submission under a contract, CMS sends an MAO-004 report that informs MA organizations and other entities that submit risk adjustment data about the risk adjustment eligibility of diagnoses submitted on EDRs and CRRs, including diagnoses that are added or deleted. CMS has reviewed various submission scenarios that MA organizations may experience and is providing examples of MAO-002 and MAO-004 report outcomes on the [CSSC Operations website](#) to assist plans with understanding the payment disposition of diagnoses in the processing of overpayments.

---

<sup>1</sup> See the December 22, 2015 HPMS memo [Final Encounter Data Diagnosis Filtering Logic](#)

The submission scenarios provided on the [CSSC Operations website](#) cover common submission scenarios that plans should be aware of when considering overpayments:

- Scenario 1: Submitting a replacement EDR or CRR that is deleting diagnoses and adding risk adjustment eligible diagnoses after the final risk adjustment data submission deadline
- Scenario 2: Submitting a replacement EDR or CRR with a type of bill that is not allowable for risk adjustment
- Scenario 3: Submitting a replacement EDR or CRR with a procedure code that is not allowable for risk adjustment

CMS is providing these examples on the [CSSC Operations website](#) and resources in the appendix of this memo for reference. MA organizations and other entities should note that these scenarios may or may not affect the applicable beneficiary risk scores given that the MAO-004 report contains information on the risk adjustment eligibility of diagnoses on all accepted records submitted in a given month (e.g., replacement records, Chart Review Record-Deletes, etc.).

As a reminder, MA organizations should continue submitting encounter data records, including deletes, after the final risk adjustment data submission deadline (see April 15, 2022 HPMS memo, “Reminder of Existing Obligation to Submit Accurate Risk Adjustment Data”).

Please see the Frequently Asked Questions below for some additional information regarding the use of encounter data in overpayment reruns:

**Q: If a diagnosis is deleted from one encounter data record, but that same diagnosis exists on another encounter data record for the same beneficiary, will deleting the diagnosis result in an overpayment?**

A: The risk adjustment eligibility of a diagnosis on a single record may or may not have a risk score impact. A lower risk score and, therefore, an overpayment recovery occurs when a deleted diagnosis code is the only instance of a diagnosis triggering a Hierarchical Condition Code (HCC) in a beneficiary’s diagnosis profile, or if the deleted diagnosis code maps to a higher HCC than an existing eligible diagnosis code in the beneficiary’s diagnosis profile.

**Q: How can we determine when looking at the MAO-004 if a diagnosis will be considered for payment?**

A: The MAO-004 report provides the status of diagnoses for the purposes of the initial, mid year, and final risk score calculations for a payment year. For any of these risk adjustment runs, prior to the applicable risk adjustment data submission deadline, diagnoses on the MAO-004 report must be in “add” status and on an allowable record to be considered risk adjustment eligible and included in the risk adjustment run and reconciliation payment.

**Q: We deleted a diagnosis after the final risk adjustment data submission deadline but see on the MAO-004 that the submission is “disallowed.” Does this mean that the encounter data system does not recognize that the diagnosis was deleted from this encounter data record?**

A: No, the MAO-004 report does not provide the overpayment status of diagnoses, and the disallowed flag does not apply to the inclusion of deleted diagnoses in overpayment runs for the applicable payment year. If deletes were submitted after the final risk adjustment data submission deadline, they were disallowed for the relevant final payment year risk score calculation. However, they will be included when we process overpayments for that payment year. If the diagnoses are marked as a “delete” on the MAO-004 report, they have been removed from the next risk score run. For details related to the MAO-004 report flags, please refer to the July 21, 2020 HPMS memo, “Updated Version of MAO-004 Reports (Phase IV Version 0) and Re-issuing of Historical MAO-004 Reports in the New Version.”

Please submit questions resulting from your review of the scenarios on the [CSSC Operations website](#) to CMS at [riskadjustmentoperations@cms.hhs.gov](mailto:riskadjustmentoperations@cms.hhs.gov) with ‘Support for Use of Encounter Data in Overpayment Reruns’ in the subject. **CMS will host a User Group call prior to the upcoming overpayment reruns to review the scenarios and answer questions that have been submitted by Friday, March 29, 2024.** Please monitor HPMS for further information regarding the timing of the User Group call.

Questions regarding plan-identified overpayments should be sent to [riskadjustmentpolicy@cms.hhs.gov](mailto:riskadjustmentpolicy@cms.hhs.gov).

## Appendix

### Resources

CSSC Website: <https://www.csscooperations.com/>

- **CSSC Operations Help Desk:** [csscooperations@palmettogba.com](mailto:csscooperations@palmettogba.com)
- [Encounter Data Submission and Processing Guide](#)
- [Job Aides](#)
  - MAO-004: Encounter Data Diagnosis Eligible for Risk Adjustment
  - MAO-004: User Guide
- [Instructional Videos](#)
  - Risk Adjustment Overpayment and Reporting Computer Based Training
  - Accessing Archived Reports using the MARx UI CBT

### HPMS

- **Memos**
  - 2/29/2024: Risk Score Reruns for Purposes of Payment Recovery
  - 4/15/2022: Reminder of Existing Obligation to Submit Accurate Risk Adjustment Data
  - 2/10/2022: Announcement of Enhancements to MAO-002 Report
  - 7/21/2020: Updated Version of MAO-004 Reports (Phase IV Version 0) and Re-issuing of Historical MAO-004 Reports in the New Version
  - 9/22/2016: Reporting and Returning Risk Adjustment Related Overpayments - Encounter Data
  - 12/22/2015: Final Encounter Data Diagnosis Filtering Logic
- **Risk Adjustment Overpayment Reporting module**