

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-16-16
Baltimore, Maryland 21244-1850



CENTER FOR BENEFICIARY CHOICES

DATE: April 14, 2008

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

FROM: Abby L. Block /s/
Director

SUBJECT: **Notification of a Proposed Amendment to 42 C.F.R. 422.310 on Risk Adjustment Data in CMS' Proposed Inpatient Rule CMS-1390-P**

This memo is being issued to inform you that CMS is proposing an amendment to 42 C.F.R. 422.310 on Risk Adjustment Data to reinstate our regulatory authority to collect encounter data from MA organizations and other contractors that submit risk adjustment data to us. This proposed amendment can be found in the Inpatient Prospective Payment System (IPPS) proposed rule CMS-1390-P, which is on display at the Office of the Federal Register today. The preamble discussion of the proposed amendment can be found in Section H. "Payments to Medicare Advantage Organizations: Collection of Risk Adjustment Data (§422.310)."

We believe that CMS can improve the development and application of the CMS-HCC models by incorporating encounter data that reflects the utilization of services in the MA program. This proposed amendment is timely because in 2007 CMS completed a seven-year transition to full risk-adjustment of CMS' monthly capitation payments to MA organizations, and in 2008 this transition was completed for PACE organizations and certain demonstrations. We encourage MA organizations to submit comments on the proposed regulation change through the public comment process outlined in CMS-1390-P.

CMS is committed to consulting with MA organizations and other interested stakeholders as we develop an approach to collection of encounter data, including reporting requirements and timelines for implementation. We will communicate with you as soon as possible about the process that we intend to use to solicit feedback on what data should be collected, when the data collection can reasonably begin and other key aspects of the encounter data collection effort. This feedback process is separate from the notice and comment process begun in the IPPS rule, which addresses the issue of our authority to collect comprehensive encounter data.

Thank you.