

**Supporting Statement, Part A**  
**Collection of Diagnostic Data in the Abbreviated RAPS Format**  
**from Medicare Advantage Organizations for Risk Adjusted**  
**Payments**  
**(CMS-10062, OMB 0938-0878)**

**Background and Summary**

CMS contracts with private organizations to provide Medicare Part C and/or Part D benefits to Medicare beneficiaries enrolled in the organizations' health care plans. There are a variety of plan types that may be offered to beneficiaries, including Medicare Advantage (MA) plans, Program of All-Inclusive Care for the Elderly (PACE) plans, Medicare-Medicaid (MMP) plans, and section 1876 Cost plans.

CMS makes advance monthly per-enrollee payments to organizations, and is required to riskadjust the payments based on predicted relative health care costs for each enrollee, as determined by enrollee-specific diagnoses and other factors, such as age. CMS has collected diagnosis data from organizations in two formats: (1) comprehensive data equivalent to Medicare fee-forservice claims data (often referred to as encounter data) and (2) data in an abbreviated format known as RAPS data, named for the Risk Adjustment Processing System (RAPS). The subject of this PRA package is collection of RAPS data. Encounter data collection is addressed in a separate PRA package (OMB 0938-1152).

For calendar years 2022 and 2023, CMS will calculate risk scores for payment to MA organizations (that is, non-PACE plans) using only risk adjustment-eligible diagnoses from encounter data and Fee-for-Service (FFS) claims. Section 1853(a)(1)(I) of the Social Security Act (42 U.S.C. 1395w-23(a)(1)(I)), as added by section 17006(f) of the 21st Century Cures Act, requires that CMS make specific improvements to the risk adjustment model used for Part C payments, and that the changes be phased in starting in 2019, with such changes being fully implemented for 2022 and subsequent years. The updated model that meets 21st Century Cures Act requirements is based on encounter data and FFS claims (no RAPS data) and was 100% phased in for non-PACE organizations for 2022 payments. To align payment with how the model is calibrated, no RAPS data is used in the calculation of risk scores for organizations other than PACE starting in 2022. Given that RAPS data will not be included in the calculation of MA risk scores for CYs 2022 and 2023, MA plans will not be required to submit data with 2021 or 2022 dates of service to RAPS. However, RAPS will remain available for the correction of data from prior payment years. For PACE organizations, risk scores will continue to be calculated using data from encounter data, RAPS data, and FFS claims.

This package is being revised to update the burden estimates due to the fact that non-PACE organizations will only be submitting data corrections for prior payment years. PACE organizations will continue to submit to RAPS. The language in this package has been updated to reduce duplication and improve clarity. Specifically, we removed Background and Summary information that was not related to RAPS data collection. We removed Justification content that

was not related to RAPS data collection. We updated the Current Uses to reflect how the data is used and we updated the Use of Information Technology by removing content that wasn't relevant to the section.

## **A. Justification**

### 1. Legal Authority

Section 1853 of the Social Security Act, hereafter referred to as “the Act,” requires CMS to make advance monthly payments to a Medicare Advantage (MA) organization for each beneficiary enrolled in an MA plan offered by the organization for coverage of Medicare Part A and Part B benefits. Section 1853(a)(1)(C) of the Act requires CMS to adjust the monthly payment amount for each enrollee to take into account the health status of MA plan enrollees. Under the CMS Hierarchical Condition Category (HCC) risk adjustment payment methodology, CMS determines risk scores for MA enrollees for a year and uses the appropriate enrollee risk score to adjust the monthly payment amount.

Under section 1894(d) of the Act, CMS must make prospective monthly capitated payments to PACE organizations in the same manner and from the same sources as payments to organizations under section 1853. Section 1894(e)(3)(A)(i) requires in part that PACE organizations collect data and make available to the Secretary reports necessary to monitor the cost, operation, and effectiveness of the PACE program.

### 2. Current Uses

CMS used RAPS data, in combination with encounter data and Fee-For-Service (FFS) data, to develop the diagnosis-based portion of the risk scores for risk adjusted payment to MA organizations, PACE organizations, and MMPs.

In CYs 2022 and 2023, CMS will calculate the diagnosis-based portion of the risk scores using only encounter data and FFS data for all plan types except PACE. We will continue to use RAPS data from PACE plans in calculating the diagnosis-based portion of risk scores for risk adjusted payments to PACE organizations. In addition, RAPS will remain available for the correction of data from prior payment years for all plans.

CMS issues monthly reports to each individual plan that contains the CMS-HCC and RxHCC models' output and the risk scores and reimbursements for each beneficiary that is enrolled in their plan. RxHCC models are for purposes of calculating risk adjusted payments for Part D (prescription drug) benefits.

As stated at 42 CFR 422.310(f)(2), CMS may release the minimum data it determines is necessary for one or more of the purposes listed under 42 CFR 422.310(f) to other HHS agencies, other Federal executive branch agencies, States and external entities in accordance with the restrictions outlined in this section of the CFR.

Risk adjustment allows CMS to pay plans for the health risk of the beneficiaries they enroll, instead of paying an identical average amount for each enrollee. By risk adjusting plan payments, CMS is able to make appropriate and accurate payments for enrollees with differences in expected costs. Risk adjustment is used to adjust bidding and payment based on the health status and demographic characteristics of an enrollee. Risk scores measure individual beneficiaries' relative risk and the risk scores are used to adjust payments for each beneficiary's expected expenditures. By risk adjusting plan bids, CMS is able to also use standardized bids as base payments to plans.

Users of RAPS data include several components within CMS and HHS and the US Government Accountability Office (GAO). Specific uses include program integrity and oversight.

### 3. Use of Information Technology

The risk adjustment data is collected 100% electronically.

A summary of the data collection/submission process is as follows:

CMS receives RAPS data via the Front End Risk Adjustment System (FERAS), and further processes it through RAPS. For CYs 2022 and 2023, only PACE organizations will be required to submit RAPS data. For all other organizations, RAPS will remain available for the correction of data from prior payment years.

All organizations required to submit RAPS data use an electronic connection between the organization and CMS to submit the data and to receive information in return. Submitters must sign a Submitter Authorization Form, Electronic Data Interchange (EDI) agreement, and Submitter/Receiver ID application in advance of their submission. The forms are available electronically on the CSSC Operations website ([www.csscoperations.com](http://www.csscoperations.com)). The Submitter Authorization Form and the EDI agreement can be printed, completed and scanned or mailed. The Submitter/Receiver ID application can be submitted through the website. Submitters have a choice between three connectivity options: CONNECT:DIRECT, File Transfer Protocol (FTP) and TIBCO MFT.

#### *Data Submission*

In 2002, CMS worked extensively with the industry to develop the abbreviated RAPS format for risk adjustment data submission. The current RAPS data layout contains 6 key data elements:

- Member ID
- ICD-CM-10 Code (Diagnosis Cluster\* for Each Enrollee Diagnosis Submitted)
- Service from Date
- Service through Date

- Provider Type (hospital inpatient-principal diagnosis, hospital inpatient-other diagnoses, hospital outpatient, physician)
- Risk Assessment-Code (whether or not the source of diagnoses is plan enrollee risk assessments that are equivalent to Annual Wellness Visit health risk assessment)

\*Each diagnosis cluster is stored as a unique cluster associated with an enrollee's Member ID.

#### 4. Duplication of Efforts

This information collection does not duplicate any other effort and the information cannot be obtained from any other source.

#### 5. Small Business

The collection of information has a minimal impact on small businesses or other small organizational entities since the applicants must possess an insurance license and be able to accept risk. Generally, state statutory licensure requirements effectively prevent small organizations from accepting the level of risk needed to provide the medical benefits required in the 1876 Cost Plan, PACE, MMP, and MA programs.

#### 6. Collection Frequency

CMS requires PACE organizations to submit RAPS data at least quarterly to CMS. This timeframe is used to encourage timely data submissions, which allows for effective system processing by CMS. This also allows for accurate calculation of the risk scores that are used in the payment calculation and for risk adjustment payment reconciliation. Organizations are also allowed the option of submitting data more frequently such as weekly, bi-weekly, or monthly. There has been no change in collection frequency since the last PRA approval.

#### 7. Special Circumstances

There are no special circumstances that would require an information collection to be conducted in a manner that requires respondents to:

- Report information to the agency more often than quarterly;
- Prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- Submit more than an original and two copies of any document;
- Retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- Collect data in connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study,
- Use a statistical data classification that has not been reviewed and approved by OMB;

- Include a pledge of confidentiality that is not supported by authority established in statute or regulation that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- Submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

#### 8. Federal Register/Outside Consultation

The 60-day notice published in the Federal Register (88 FR 2625) on 01/17/2023.  
No comments were received during the comment period.

The 30-day notice published in the Federal Register (88 FR) on TBD.

#### 9. Payment/Gifts to Respondents

Filing a RAPS record itself does not result in payments or gifts to respondents, and many conditions must be met before risk adjusted payment is actually made.

#### 10. Confidentiality

The data are protected and kept confidential under System of Record (SOR) # 09–70–0508, entitled “CMS Risk Adjustment Suite of Systems (RASS), HHS/CMS/CM” (originally published August 17, 2015; 80 FR 49237 and modified to add two security-related routine uses February 14, 2018; 83 FR 6591).

#### 11. Sensitive Questions

There are no sensitive questions associated with this collection. Specifically, the collection does not solicit questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

#### 12. Burden Estimate (Wages & Hours)

The Annual Burden methodology has been updated to account for the fact that non-PACE organizations no longer submit de novo RAPS data. Instead, they now use RAPS only to correct data for prior payment years. Another change to the methodology is that only one year of data is being used (2022) rather than the average of three years, because the pandemic impacted diagnosis counts and because of the change in data submission for non-PACE organizations. Previously, the figure used to calculate the annual burden represented the average number of risk adjustment diagnosis clusters submitted during CY 2016 thru 2018. In the new methodology, we

evaluated risk adjustment diagnosis submissions in 2022. We projected submissions for November and December 2022 by averaging the total diagnosis codes for January to October 2022 and then multiplying by 2 to determine the per month count for November and December, and added those counts to the total count for January to October 2022 to calculate an annual total. The annual diagnosis count for 2022 using this method is 802,357,199. The RAPS Inbound Record Layout is designed so that each diagnosis cluster can contain up to 10 diagnoses. When dividing the average number of diagnoses submitted (802,357,199) by 10, we arrive at 80,235,720 diagnosis clusters. According to the 2021 CAQH Index titled “Working Together: Advances in Automation During Unprecedented Times” (Retrieved from: <https://www.caqh.org/sites/default/files/explorations/index/2021-caqh-index.pdf>), providers spend two minutes on average submitting electronic transactions. We used this processing time to determine the burden hours for submitting RAPS data.

Number of Clusters	Burden/Cluster	Total Burden Hours
80,235,720	2 minutes (or .03333333 hrs)	2,674,524 Hours

To derive the cost burden, we used data from the Council of Affordable Quality Healthcare, Inc (CAQH) Index. In the 2021 CAQH Index titled “Working Together: Advances in Automation During Unprecedented Times,” the industry cost for each electronic claim submission is reported as \$1.13 (Retrieved from: <https://www.caqh.org/sites/default/files/explorations/index/2021-caqhindex.pdf>). As a result, we multiplied the number of diagnosis clusters (80,235,720) by the claim submission cost of \$1.13 to come to a total of \$90,666,363.60. This calculation as well as the total annual hourly burden is listed below.

Risk Adjustment Data Submission Burden			
Item	Description	Number	Notes
A	TOTAL NUMBER OF RESPONDENTS IN 2022	284	284 is the number of RAPS submitters
B	NUMBER OF RISK ADJUSTMENT DIAGNOSIS SUBMISSIONS	802,357,199	Annual submission of Risk Adjustment diagnoses in 2022 (projecting submissions for November and December 2022)
C	NUMBER OF RISK ADJUSTMENT CLUSTER SUBMISSIONS <sup>1</sup>	80,235,720	Annual submission of risk adjustment diagnosis clusters in 2022 (D) divided by 10
D	AVERAGE TIME TO SUBMIT RISK ADJUSTMENT	0.0333 hours (or 2 minutes)	2 minutes / 60 minutes = .0333 hours Based on average of 2 minutes per

	DIAGNOSIS CLUSTER		transaction, per 2021 CAQH index report
E	COST PER ELECTRONIC TRANSACTION	\$ 1.13	Based on \$1.13 per transaction, per CAQH index report from 2021
F	TOTAL ANNUAL TRANSACTION HOURS	2,674,524	(C) multiplied by (D)
G	TOTAL ANNUAL BURDEN COST	\$ 90,666,363.60	(C) multiplied by (E)
H	ANNUAL BURDEN COST PER PLAN	\$ 319,247.76	Total annual burden cost (G) divided by number of plans (A)

<sup>1</sup> 10 diagnoses per RAPS cluster

Cost Comparison from previous PRA Package:

Current Costs:	\$90,666,363.60
Minus Previous Costs:	\$172,077,804.00
Equals Difference (Cost Reduction):	-\$81,411,440.40

### 13. Capital Costs

There are no significant maintenance or start-up costs that are directly associated with this effort. Any administrative and/or capital costs incurred will be recouped through the bidding process. Organizations offering plans have sufficient capital assets in place to address reporting RAPS data.

### 14. Cost to Federal Government

The costs to the Federal Government for data collection can best be described as the total costs of acquiring and preparing the required data for MAO payment calculation. Calculation of the precise costs for all processes involved in the data collection is not feasible for the purposes of the Paperwork Reduction Act without conducting a costly study. It is also difficult to disaggregate efforts and resources used for risk adjustment data collection and preparation from other MA payment processes and data collection efforts. Therefore, aggregate costs have been estimated taking into consideration programming, software, training, overhead costs, etc. CMS's

total cost for operating and maintaining risk adjustment data collection is approximately \$8.7 million for FY2022.

#### 15. Program and Burden Changes

We have re-estimated total transaction hours to reflect that only PACE organizations will be required to submit new RAPS data and that all other organizations will only submit data corrections from prior payment years. This iteration proposes burden adjustments by using data from 2022 rather than 2016, 2017, and 2018 data, which was used in the currently approved burden. We used the current year's submission data instead of an average of the past three years since the current year is representative of current submission requirements. Since the previous approval, the number of annual respondents has decreased from 761 MAOs to 284, and the number of diagnosis clusters decreased from 1,117,388,349 to 80,235,720. These decreases were due to the change in submission requirements for non-PACE organizations. The annual hours have decreased from 5,586,942 to 2,674,524 total hours. The total annual cost burden has decreased from \$172,077,804 to \$90,666,363.60.

#### 16. Publication and Tabulation Dates

There are no publication and tabulation dates.

#### 17. Expiration Date

CMS displays the OMB Control number and expiration date on all forms as necessary.

#### 18. Certification Statement

CMS has no exceptions to Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

### **B. Statistical Methods**

CMS does not intend to collect information employing statistical methods.