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TO: All Medicare Advantage Organizations and Medicare Medicaid Plans

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SUBJECT: CMS Monitoring and Compliance of Encounter Data

On November 1st, 2017, CMS issued an HPMS memo seeking comment on proposed encounter data performance metrics. We also provided contract-specific submission performance reports at that time. The approach to implementing encounter data submission performance metrics was described in both the 2018 and 2019 Call Letters. The purpose of this memo is to finalize the encounter data performance metrics and thresholds. We thank all the organizations and stakeholders who submitted comments: we received comments from 17 stakeholders across a range of topics pertaining to the proposed performance metrics.

Stakeholders' comments did not identify significant methodological issues with the metrics or thresholds or suggest significant changes to the technical approach. After taking the limited comments into consideration, we are finalizing the encounter data performance metrics and thresholds as proposed. Further in the attachments to this memo, we address the questions we received and provide updated technical notes on each measure.

Under 42 C.F.R. § 422.310 Medicare Advantage Organizations (MAOs) and other entities paid risk adjustment under Part C rules are required to submit encounter data for each item and service provided to an MA enrollee. Compliance with this regulation means successful, complete, timely, and accurate submissions. As required under § 422.310(b) and (d), MAOs must submit risk adjustment data that characterize the context and purpose of each item and service provided to a Medicare enrollee, and must also conform to CMS' requirements for submitting this data and to all relevant national standards. In addition, at § 422.504(l), CMS requires MAOs to certify to the accuracy, completeness, and truthfulness of their encounter data (based on best knowledge, information, and belief).

Organizations were required to begin submitting encounter data starting with dates of service in 2012; to date, organizations have submitted over 3 billion encounter data records. As the volume of data grows and the data are used for risk adjustment and other purposes, ensuring the

completeness and accuracy of encounter data submissions has become an increasingly important responsibility, shared by CMS and MAOs.

This memorandum discusses seven performance metrics and their respective thresholds for MA encounter data (see Table 1). CMS previously finalized two well-established encounter data submission metrics¹, and requested feedback on five additional performance measures and thresholds (see Table 1). The five additional measures and thresholds that CMS will use to evaluate compliance with the submission requirements in §§ 422.310 fall into one of the three performance areas identified in the 2018 Call Letter: operational, completeness, and accuracy.

All performance measures and thresholds are at the contract level. Your MA organization's contract-specific information, showing performance for each metric, and technical notes with detailed specifications on each metric and threshold are available via the Encounter Data Report Card link on the HPMS portal:

HPMS Home Page > Risk Adjustment > Encounter Data > Submission Performance Report

The thresholds are designed to identify performance issues that are substantially below reasonable expectations for submissions. Table 1 below provides the number of contracts failing each metric.

CMS received several comments from stakeholders regarding technical questions about the performance metrics. We have made edits to the technical notes for clarification and have attached them to this memo for reference.

CMS also received a few comments regarding its plan and timeline for evaluation and taking compliance in connection with performance weaknesses and failures identified by these measurements. CMS will take compliance action on an annual basis to enforce the submission and certification requirements in 42 CFR Part 422. The compliance process will consist of a number of steps, including outreach to plans, technical assistance, warning letters, and corrective action plans. Additional information on the compliance schedule and process will be provided in the future. CMS encourages MAOs to review the submission performance reports and technical notes and consider options for addressing areas of low performance. While CMS will continue to monitor PACE organizations, and MMPs, at this time, they will be excluded from the compliance actions based on performance weaknesses and failures identified by these measurements.

¹ In 2013 and 2014, CMS had conducted extensive communication and technical assistance related to two operational metrics: end-to-end testing and certification and failure to submit any encounter data records.

Table 1. Finalized Medicare Advantage Encounter Data Performance Measures and Thresholds²

Performance Metric	Performance Threshold (measured at contract level)	Number of³ Contracts Not Meeting Performance Threshold
O1: Failure to Complete End-to-end Testing and Certification	Failure to complete end-to-end testing and certification for a contract within four (4) months of the beginning of operations.	1
O2: Failure to Submit Any Accepted Records to the Encounter Data System	No accepted records submitted during the calendar year.	4
O3: Excessive Submission of Encounter Data Records at End of Risk Adjustment Submission Window	Twenty-seven (27) percent or more of encounter data and chart review records for the applicable calendar year were submitted in the last two months before the risk adjustment deadline. The purpose of this evaluation is to ensure that CMS systems are not overloaded and that plans are regularly submitting data over time.	14

² The metrics and thresholds presented in this table are the same metrics and thresholds that were applied in the production of the submission performance reports that were distributed in November 2017. There is also general discussion about the scope and basis for these metrics in the 2018 Call Letter (<https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/Advance2018.pdf>).

³ The numbers in this column exclude PACE organizations, Cost Plans, and MMPs. Please see technical notes for data extract dates pertaining to each measure.

C1: Extremely Low Volume of Overall Encounter Data Records	<p>The number of encounter data records per enrollee is below the threshold. The threshold is the lower bound, using an 80% confidence interval around the mean number of records per enrollee, within each peer group.</p> <p>Contracts are categorized into three different peer groups based on contract types: (MSAs, Local or Regional PPOs, PFFS).</p>	8
C2: Extremely Low Volume of Inpatient Encounter Data Records	<p>The number of enrollees with an accepted inpatient record in EDS falls at or below 40% of the number of enrollees with an inpatient RAPS record.</p> <p>For example, if beneficiary A has an inpatient record in RAPS, then beneficiary A should also have at least one inpatient record accepted in EDS. If a contract has 100 beneficiaries for whom there is at least one inpatient RAPS record and fewer than 40 of those enrollees have an accepted inpatient record in EDS, then the contract would not meet the performance threshold.</p>	21
C3: Extremely Low Volume of Professional Encounter Data Records	<p>The number of enrollees with an accepted professional record in EDS falls at or below 90% of the number of enrollees with a professional RAPS record.</p>	29
C4: Extremely Low Volume of Outpatient Encounter Data Records	<p>The number of enrollees with an outpatient record in EDS falls at or below 70% of the number of enrollees with an outpatient RAPS record.</p>	17

O1: Failure to Complete End-to-End Certification

Description: Identifies contract sponsors who have not completed end-to-end certification and begun submission of production encounter data within 4 months of the contract's effective date.

Metric: This metric identifies contract sponsors that have not met the end-to-end certification requirements for Institutional, Professional, and DME submissions. This metric is defined by CMS' predefined end-to-end certification criteria. End to end testing and certification is necessary to ensure that contract are able to transmit files to EDS and receive transactional reports back from EDS.

Threshold: Failure to complete end-to-end certification for all submission types.

Peer Groups: Not applicable

Primary Data Source: Encounter Data Front-End System (EDFES)

Data Source Description: The EDFES list of contracts for which sponsors have completed certifications.

Data Evaluated for Compliance: Current program year

Frequency of Assessment: Annual

O2: Failure to Submit Any Encounter Data Records

Description: Identifies contracts that did not have any accepted records in EDS for the prior submission year.

Metric: This metric identifies a contract that has zero accepted records for the prior submission year and has enrollment greater than zero.

Threshold: Zero accepted records with submission dates in the referenced calendar year.

Peer Groups: Not applicable

Primary Data Source: Records accepted in EDS

Data Source Description: The data for this measure are those records stored after being accepted by EDS.

Data Evaluated for Compliance: Records with submission dates in the prior submission year.

Data Inclusions: Data includes final action encounter data records and final action chart review records.

Data Exclusions: Data excludes rejected records, and records that have been voided or replaced.

Frequency of Assessment: Annual

O3: Excessive Submission of Encounter Data Records at End of Risk Adjustment Submission Window

Description: Excessive submission of records during the end of the risk adjustment submission period.

Metric: The numerator for this metric is the total number of accepted final action records (with dates of service applicable to the payment year in question) submitted during the last two months of the risk adjustment submission period. The numerator includes both encounter data records and chart review records. For example, for payment year 2016, the numerator is the number of encounter data records and chart review records with 2015 dates of service submitted in the two months before August 02, 2018 (deadline for this payment year). The denominator is the total number of encounter data and chart review records submitted for the applicable service year (2015).

Threshold: 27% or more encounter data or chart review records were submitted in the two months prior to the August 02, 2018 risk adjustment deadline. On average, MAOs submit 9% of records each month. This threshold defines excessive submission as three or more months of data (9% times 3) being submitted in a two month period.

Peer Groups: Not applicable

Primary Data Source: Records submitted to EDS.

Data Source Description: The data for this measure come from the encounter data and chart review records submitted to EDS.

Data Evaluated for Compliance: Records with dates of service for the relevant payment year and associated submission deadline.

Data Inclusions: Data includes final action encounter data records and final action chart review records.

Data Exclusions: Data excludes rejected records, and records that have been voided or replaced.

Frequency of Assessment: Annual

C1: Extremely low volume of overall encounter data records

Description: Low number of accepted records per beneficiary in the prior submission year, compared with the lower bound of the 80% confidence interval calculated among contracts of the same organization type.

Metric: This metric compares the number of EDRs submitted per beneficiary for a contract in the prior submission year to the EDRs submitted per beneficiary for all other contracts of the same type (or peer group). The EDRs per beneficiary for the peer group includes only those contracts that submitted at least one record and reported at least one beneficiary. The number of contracts associated with each organization type are shown in Table 1.

Table 1. Contract Types and Number of Contracts in 2016⁴

Contract Type	Number of Contracts
1. Local/Regional CCP	429
2. MSA	3
3. PFFS	5

Threshold: The lower bound of an 80% confidence interval estimated for the peer group. For example, contract 1234 submitted 31.11 EDRs per beneficiary during 2016. Contract 1234 is a local CCP. The lower bound of the 80% confidence interval for the peer group (all local and regional CCPs) is 10.91 EDRs per beneficiary. Contract 1234 has a far higher number of EDRs per beneficiary than the threshold of 10.91; therefore, contract 1234 does not exhibit an extremely low volume of overall encounter data records.

Peer Groups: Contracts' performance will be evaluated using thresholds based on their peer group. Peer Groups are defined as the contracts within each Contract type (see list of contract types above).

Primary Data Source: Records accepted in EDS and stored.

Data Source Description: The data for this measure come from the records submitted by MAOs and accepted by EDS.

Data Evaluated for Compliance: Records for the submission year.

Data Inclusions: Data includes final action encounter data records and final action chart review records.

Data Exclusions: Data excludes rejected records, and records voided or replaced.

Frequency of Assessment: Annual

⁴ While CMS will continue to monitor PACE organizations, Cost plans, and MMPs, at this time, they will be excluded from the compliance actions for performance metrics.

C2: Extremely low volume of inpatient encounter data records

Description: Matching beneficiaries in the RAPS data to beneficiaries in the EDS data for inpatient services.

Metric: This metric assesses whether beneficiaries with at least one inpatient RAPS record have at least one inpatient record in EDS. The numerator is the count of beneficiaries with at least one RAPS and at least one inpatient record in EDS. The denominator is the count of beneficiaries with a RAPS inpatient record.

Threshold: The threshold value of 40% is the average of the metric for contracts at or below the 10th percentile. In 2015, for all contracts, the average count of beneficiaries with at least one inpatient RAPS and one inpatient EDR divided by the count of beneficiaries with at least one inpatient RAPS record was 77%. The same average for contracts in the 10th percentile is 40%, which is the threshold for this metric.

Peer Groups: Not applicable

Primary Data Sources:

Encounter Data (ED): All accepted final action inpatient records submitted as an 837-Institutional transaction. Inpatient records are identified as those submitted with Bill Types 11X and 41X.

Risk Adjustments Processing System (RAPS) Data: Accepted RAPS records with Provider Type Code = Hospital Inpatient (01, 02).

Data Source Description: The data for this measure are records accepted in EDS and RAPS and stored.

Data Evaluated for Compliance: Records with dates of service for a specific year in which the most recent payment submission deadline has passed.

Data Inclusions: Data includes final action encounter data records and final action chart review records.

Data Exclusions: Data excludes rejected records, and records that are voided or replaced.

Frequency of Assessment: Annual

C3: Extremely low volume of professional encounter data records

Description: Matching beneficiaries in the Risk Adjustments Processing System (RAPS) data to beneficiaries in the EDS data for professional services.

Metric: This metric assesses whether beneficiaries with at least one professional RAPS record have at least one professional record in EDS. The numerator is the count of beneficiaries with at least one RAPS and at least one professional record in EDS. The denominator is the count of beneficiaries with a RAPS professional record.

Threshold: The threshold value of 90% is the average ED/RAPS match rate among contracts at or below the 10th percentile for professional services. In 2015, for all contracts, the average count of beneficiaries with at least one professional RAPS and one professional EDR divided by the count of beneficiaries with at least one professional RAPS record was 93%. The same average for contracts in the 10th percentile is 90%, which is the threshold for this metric.

Peer Groups: Not applicable

Primary Data Sources:

Encounter Data (ED): All accepted final action professional records submitted as an 837-professional transaction.

Risk Adjustments Processing System (RAPS) Data: Accepted RAPS records with Provider Type Code = Physician (20)

Data Source Description: The data for this measure are records accepted in EDS and RAPS data and stored.

Data Evaluated for Compliance: Records with dates of service for a specific year in which the most recent payment submission deadline has passed.

Data Inclusions: Data includes final action encounter data records and final action chart review records.

Data Exclusions: Data excludes rejected records, and records that have been voided or replaced.

Frequency of Assessment: Annual

C4: Extremely low volume of outpatient encounter data records

Description: Matching beneficiaries in the RAPS data to beneficiaries in the EDS data for outpatient services.

Metric: This metric assesses whether beneficiaries with at least one outpatient RAPS record have at least one outpatient record in EDS. The numerator is the count of beneficiaries with at least one RAPS and at least one outpatient record in EDS. The denominator is the count of beneficiaries with a RAPS outpatient record.

Threshold: The threshold value of 70% is the average ED/RAPS match rate among contracts at or below the 10th percentile for outpatient services. In 2015, for all contracts, the average count of beneficiaries with at least one outpatient RAPS and one outpatient EDR divided by the count of beneficiaries with at least one outpatient RAPS record was 89%. The same average for contracts in the 10th percentile is 70%, which is the threshold for this metric.

Primary Data Sources:

Encounter Data (ED): All accepted final action outpatient records submitted as an 837-Institutional transaction. Outpatient records are identified as those submitted with Bill Type 12X, 13X, 14X, 22X, 23X, 34X, 71X, 72X, 73X, 74X, 75X, 76X, 77X, 79X, 83X, 85X and 89X.

Risk Adjustments Processing System (RAPS) Data: Accepted RAPS records with Provider Type Code = Hospital Outpatient (10).

Data Source Description: The data for this measure are records accepted in EDS and RAPS and stored.

Peer Groups: Not applicable

Data Evaluated for Compliance: Records with dates of service for a specific year in which the most recent payment submission deadline has passed.

Data Inclusions: Data includes final action encounter data records and final action chart review records.

Data Exclusions: Data excludes rejected records, and records that have been voided or replaced.

Frequency of Assessment: Annual

GLOSSARY

- 1) Accepted record: An accepted record is either an encounter data record or chart review record that has been processed by the Encounter Data System (EDS) and been assigned an encounter status code of “A” on the MAO-002 report.
- 2) Contract: Contract refers to the CMS contract identification number (typically starting with H) in which the beneficiary is enrolled in a plan, and under which the record is submitted.
- 3) Encounter Data Record: A record that reports an item or service, submitted to CMS and processed through EDS.
- 4) Chart Review Record: A record reporting additional diagnoses, submitted to CMS and processed through EDS.
- 5) RAPS Data: Risk Adjustment data records submitted through the Risk Adjustment Processing System.
- 6) Final Action Encounters: The latest version of an encounter data record or chart review record. These encounters are a subset of accepted encounters. If a contract sponsor submitted multiple adjustments to an initial encounter data record for a beneficiary, the performance metric, as with the Report Cards, will include only the most recently accepted encounter in the sequence.
- 7) Contract type: Any of three contract types as defined in Table 1.
- 8) Peer Groups: Peer groups are defined by contract type in Table 1 (Local/Regional CCP, MSA, PFFS).