

Using Encounter Data in Medicare Advantage Risk Adjustment

January 2019



OVERVIEW

The Centers for Medicare & Medicaid Services (CMS) has been collecting encounter data from Medicare Advantage (MA) plans since 2012, and has signaled potential interest in using that data to recalibrate the MA risk adjustment model. While this change would likely make risk scores more accurately reflect the costs of providing care in MA, implications for the broader MA system are unclear.

Currently, CMS has no specific proposal recalibrate the risk adjustment model with encounter data, nor a public timeline for such a change—but CMS would need to address many policy, technical, and operational issues prior to implementation. The Urban Institute and the American Action Forum, with support from Anthem and Eli Lilly and Company, convened a summit of leading experts to discuss implications of calibrating the risk adjustment model using encounter data.

The experts—who represented industry, academia, actuaries, and former CMS officials—discussed the goals of risk adjustment in MA and how using encounter data supports or undermines those goals; methodological concerns about recalibrating the risk adjustment model with encounter data; and risk adjustment's place in the broader MA payment and policy context.

Topics

- Goals of risk adjustment in MA
- Uses of encounter data in the short term
- Implications of moving to an encounter data-based risk adjustment model
- Methodological concerns
- Broader MA payment and policy considerations

RELATED INSIGHTS

June 2018

C-SNPs: Tailored Benefits
Improve Patient Outcomes

October 2017

Understanding the Medicare
Advantage Program

June 2017

Stabilizing the Individual
Market: Risk Adjustment
and Risk Mitigation