

Encounter Data in Medicare Advantage

FACT SHEET OCTOBER 2017

Key Facts

- Medicare Advantage encounter data are detailed records about Medicare Advantage enrollees health care.
- CMS uses encounter data to determine and validate payments, as well as to evaluate the MA program.
- CMS has been moving towards greater use of encounter data for payment, but moved back to 15% use in 2018, down from 25% in 2017.

BMA Policy Recommendations

CMS should ensure a thoughtful transition by delaying the phase-in of encounter data as a diagnosis source until data accuracy and processes are verifiable and reliable. Before moving forward, CMS should work with stakeholders, in a transparent way, to evaluate data, address implementation barriers, and analyze stakeholder impacts to better assure payments are based on accurate risk scores.

Medicare Advantage encounter data is intended to capture the details of a Medicare Advantage beneficiary's health and treatment based on "encounters" with clinicians. This data is used to understand the health status of enrollees.

Encounter Data

- Encounter data contains detailed records of health care provided to Medicare Advantage beneficiaries, including clinical diagnoses, care, and treatments.
- Medicare Advantage encounter data captures aspects of a beneficiary's health care, providing different information than in claims data used in Fee-For-Service (FFS) Medicare. In addition, the Centers for Medicare & Medicaid Services (CMS) reviews and pays FFS Medicare claims, whereas Medicare Advantage plans review and pay encounter data claims and report them to CMS in a standardized format.
- CMS is planning to implement the use of an Encounter Data System (EDS) with the goal of replacing the claims data to collect and understand the health care provided to Medicare Advantage enrollees, as well as to compare care provided across Medicare Advantage plans

Encounter Data in Medicare Advantage

- **Encounter Data to Report Diagnoses:** CMS began collecting encounter data from Medicare Advantage plans in 2012.
- **Oversight and Analyses:** CMS uses encounter data to determine and validate payments to Medicare Advantage. CMS can also use encounter data to evaluate care quality and overall program integrity in Medicare Advantage.
- **Risk Adjustment:** In 2015, CMS started using diagnoses from encounter data to calculate risk scores for Medicare Advantage beneficiaries, which affect payment. Prior to 2015, CMS calculated risk scores exclusively based on diagnoses submitted by plans through the Risk Adjustment Processing System (RAPS). CMS is mandated to move from RAPS to EDS to calculate beneficiary risk scores

Transition to Medicare Advantage Encounter Data

- The goal is to move to exclusive use of encounter data by 2020.
- In 2016, CMS based 10% of the Medicare Advantage beneficiary risk score calculation on diagnoses submitted through the EDS and 90% based on the RAPS.
- Plans and providers experienced technical issues with the use of encounter data, creating uncertainty about the accuracy of identification of diagnoses for beneficiaries. Stakeholders and CMS questioned the readiness of EDS.
- In 2017, the blend was 25% EDS and 75% RAPS to determine risk scores. CMS planned to maintain the 2017 percentages in 2018. However, Due to concerns about data accuracy, CMS reversed this shift and reduced the percentage mix to 15% EDS and 85% RAPS.