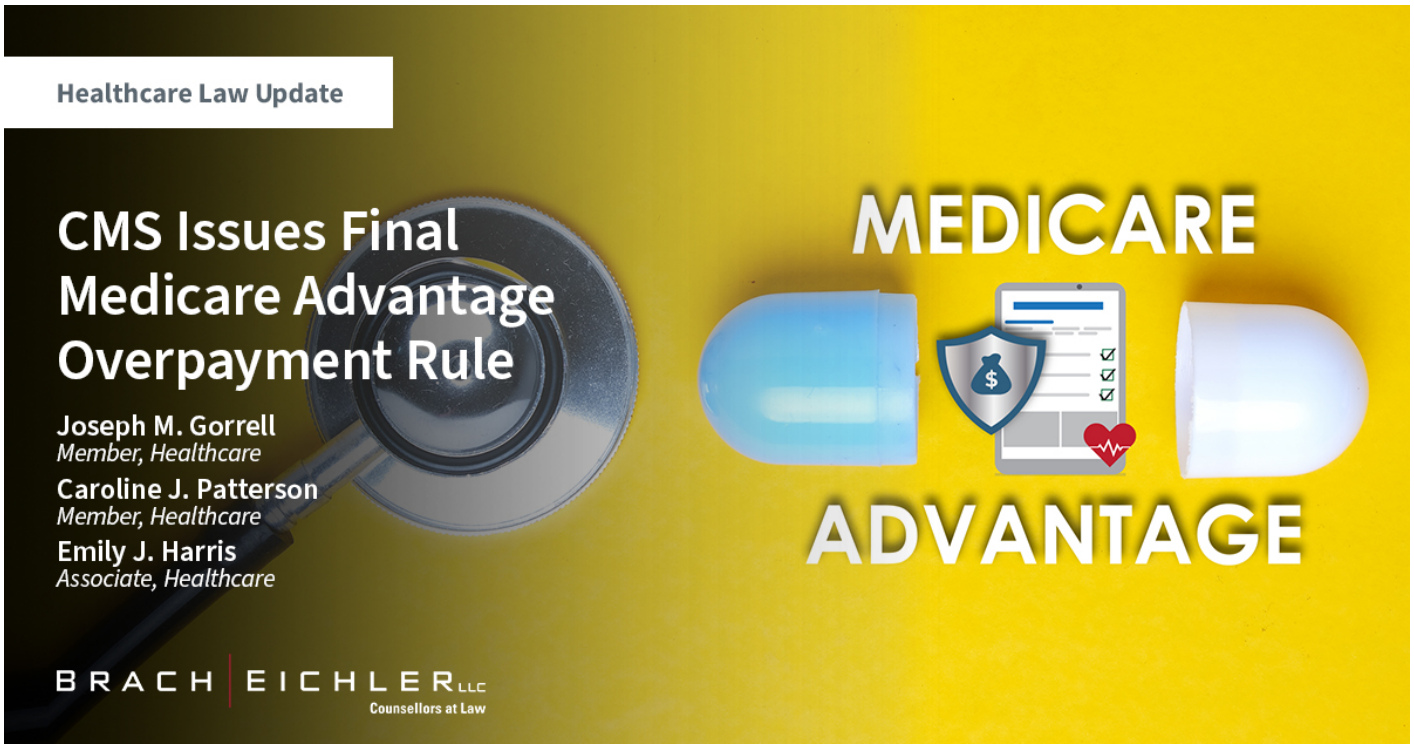
CMS Issues Final Medicare Advantage Overpayment Rule



2/28/2023

On January 30, 2023, the Centers for Medicare & Medicaid Services (CMS) released a final rule detailing how it will remedy overpayments to insurance companies administering Medicare Advantage Plans (MA Plans). The rule comes in response to audits of MA Plans from 2011 through 2013 that revealed inflation in the Risk Adjustment Data Validation (RADV) (CMS's audit and oversight tool of MA Plans). CMS determined that the RADV was inflated because the medical diagnoses submitted for payment were not supported in the applicable medical record, resulting in significant overpayments to these MA Plans.

Before this new rule, CMS would take a sample of enrolled beneficiaries in MA Plans in a certain year and compare the diagnoses to the medical records to ensure the plan was billed correctly. The new rule requires a revised audit methodology in which CMS will calculate an error rate and apply that rate to the entire plan. The new methodology applies to MA Plans dating back from 2018 to the present.

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