

## Security Health Plan selected for CON14 RADV audit

Security Health Plan has been selected for a Medicare Part C Contract-Level Risk Adjustment Data Validation (CON14 RADV) audit of 2014 dates of service. This audit is a CMS requirement due to Security Health Plan's participation in the risk adjustment process for our Medicare Advantage contracts.

Providers play a significant role in the risk adjustment program. Complete and accurate documentation of diagnoses by providers is key to the success of risk adjustment. Health plans are financially responsible for the diagnoses submitted on claims and relayed to CMS via the risk adjustment program.

The Security Health Plan risk adjustment team has an established process to meet the requirements of this important audit. See below for details.

<b>1. What is Risk Adjustment?</b>	<b>Risk Adjustment (RA)</b> is an actuarial process to calibrate payments to health plans from the Centers for Medicare and Medicaid Services (CMS) based on the relative health status of its population. CMS uses the CMS-Hierarchical Condition Categories (HCC) model to calculate a risk score to represent the relative costliness of each beneficiary as compared to the average beneficiary. The RA model is used to predict the future needs of patient care and make appropriate and accurate payments for enrollees with differences in expected health care costs.
<b>2. How is the Risk Adjustment Factor determined?</b>	CMS' HCC model takes into consideration the health status and demographic characteristics of an enrollee; however, the risk adjustment factor (RAF) calculated by the HCC model is primarily focused on diagnoses and their interactions with each other. The model is prospective, using the diagnostic information collected this year to set the RAF and the monthly capitated payments from CMS next year.
<b>3. What is the CMS Risk Adjustment Data Validation initiative?</b>	CMS conducts <b>Risk Adjustment Data Validation (RADV)</b> audits to ensure the accuracy and integrity of risk adjustment data submitted for Medicare Advantage (MA) risk adjustment payments. CMS began the RADV initiative by conducting a pilot audit in 2007, which involved five Medicare Advantage contracts.
<b>4. What is Security Health Plan's process and timeline for the RADV audit?</b>	The Security Health Plan CON14 RADV process must be completed by the CMS August 21, 2019, deadline. <ol style="list-style-type: none"> <li>1. March 19 - CMS submission instructions available from CMS' Central Data Abstraction Tool (CDAT) plan portal</li> <li>2. April 2 – CMS training teleconference for involved Security Health Plan staff</li> <li>3. April 3 - Enrollee data package available from CDAT plan portal library <ol style="list-style-type: none"> <li>a. Our selected member list with identified HCCs will be downloaded by the Security Health Plan RA team</li> </ol> </li> </ol>

	<ul style="list-style-type: none"> <li>b. Security Health Plan RA analyst and coding team identifies all eligible 2014 encounters and claims from inpatient and outpatient data for the selected members</li> <li>c. Analysts prepare Access database for medical records requests to begin</li> <li>4. April 8-12 - Diagnostic coders request calendar year 2014 medical records from treating providers</li> <li>5. April-July – Coders/auditors review medical records to assess the validity of the diagnoses submitted on claims and relayed to CMS               <ul style="list-style-type: none"> <li>a. Auditors and educators perform second review/overread</li> </ul> </li> <li>6. June–August – Security Health Plan RA team submits the best supporting medical records to CMS for audit</li> <li>7. <b>August 21, 2019</b> - Completion deadline</li> </ul>
<b>5. Are there financial ramifications with the RADV audit?</b>	<p>In 2012, CMS published the RADV payment error calculation methodology and began conducting RADV audits on approximately 30 MA contracts each calendar year. Based on the medical record documentation submitted, CMS calculates a RADV-corrected risk score and corrected payment amount. The MA contract-level payment error (penalty) is determined by the error rate of the sampled members extrapolated across the entire MA membership of the MA plan. However, CMS has not released details on the payment error penalties or assessed any penalties on MA plans to date.</p>
<b>6. How has Security Health Plan prepared for the RADV audit?</b>	<p>Preparation activities include:</p> <ul style="list-style-type: none"> <li>• Prospective and retrospective coding</li> <li>• Audits of vendor and affiliated provider coding; audits of specific diagnostic codes               <ul style="list-style-type: none"> <li>○ Corrections are submitted to CMS via data files</li> </ul> </li> <li>• RA team performed several practice RADVs and established a process to execute the audit</li> <li>• RA team performs the Affordable Care Act RADV annually, which is an audit of 200 members</li> </ul>

If you would like a more detailed summary of Risk Adjustment, RADV and the payment error calculation, please see this Wakely Consulting Group summary and evaluation of the CMS RADV payment error calculation methodology:

<https://www.ahip.org/wp-content/uploads/2018/07/Wakely-Medicare-RADV-Report-2018.07.pdf>