

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**CMS REGULARLY REVIEWS  
PART C REPORTING  
REQUIREMENTS DATA, BUT  
ITS FOLLOWUP AND USE OF  
THE DATA ARE LIMITED**



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## **EXECUTIVE SUMMARY: CMS Regularly Reviews Part C Reporting Requirements Data, But Its Followup and Use of the Data Are Limited OEI-03-11-00720**

### **WHY WE DID THIS STUDY**

In 2012, 27 percent of Medicare beneficiaries were enrolled in Medicare Advantage (MA) plans. The Centers for Medicare & Medicaid Services (CMS) has collected data from MA organizations under the Part C Reporting Requirements since 2009. These data are intended to serve as a resource for CMS to conduct the oversight, monitoring, compliance, and auditing activities that are necessary to ensure the quality of benefits that MA plans provide to enrollees. CMS contracted with Acumen to review and analyze all Part C Reporting Requirements data submitted by MA organizations, identify data issues, and notify affected MA organizations. The Part C Reporting Requirements data are a significant resource for oversight and improvement of the MA program because they pertain to the performance of MA organizations and often are not available to CMS from other sources.

### **HOW WE DID THIS STUDY**

We reviewed the extent and types of data issues that Acumen identified for Part C Reporting Requirements measures that were active in 2010 and 2011. We determined the steps that Acumen took to identify these data issues and the steps CMS took to address them. We reviewed the extent to which CMS used the Part C Reporting Requirements data to monitor and assess MA organizations' performance.

### **WHAT WE FOUND**

CMS implemented regular and extensive reviews of the Part C Reporting Requirements data, but it conducted minimal followup on data issues identified for 2010 and 2011. MA organizations that submitted outlier data values accounted for most of the data issues that Acumen identified. Other issues included inconsistent and overdue data. CMS did not contact any MA organizations to determine whether outliers reflected inaccurate reporting or atypical performance, or to ensure that inconsistent data were corrected. Despite its investments in contractor reviews of the data, CMS has made limited use of the Part C Reporting Requirements data.

### **WHAT WE RECOMMEND**

Our findings indicate that additional effort is needed to ensure appropriate oversight and use of these data. We recommend that CMS (1) determine whether outlier data values submitted by MA organizations reflect inaccurate reporting or atypical performance, (2) use appropriate Part C Reporting Requirements data as part of its reviews of MA organizations' performance, and (3) establish a timeline for releasing Public Use Files for the Part C Reporting Requirements data. CMS concurred with our recommendations.

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## OBJECTIVES

1. To review the number and types of issues with Medicare Advantage (MA) organizations' submissions of Part C Reporting Requirements data and the extent to which the Centers for Medicare & Medicaid Services (CMS) addressed these issues.
2. To review the extent to which CMS has used the data analysis results and data validation audit findings for the Part C Reporting Requirements data to improve the quality of these data and to review the extent to which CMS has used these data to monitor, assess, and improve MA organizations' performance.

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## BACKGROUND

### **The Medicare Advantage Program**

Under Medicare Part C, private insurance companies, known as MA organizations, contract with CMS to provide coverage of Medicare services under managed care arrangements. MA organizations can offer one or more MA plans that provide all Medicare Part A and B services and may provide additional services, such as enhanced benefits and Part D prescription drug coverage. In 2012, 27 percent of Medicare beneficiaries were enrolled in MA plans.<sup>1</sup> Of the \$537 billion in total Medicare expenses in fiscal year 2012, \$134 billion was expended under the MA program.<sup>2</sup>

### **Part C Reporting Requirements**

Federal regulations at 42 CFR § 422.516(a) establish data-reporting requirements for MA organizations. The regulations specify that MA organizations must have effective procedures to develop, compile, evaluate, and report statistics and other information to CMS, enrollees, and the public regarding (1) utilization, accessibility, and acceptability of services; (2) enrollee health status; (3) operational costs; and (4) other matters CMS may require. The Part C Reporting Requirements are a group of measures that CMS lists in annual technical specifications

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<sup>1</sup> Kaiser Family Foundation (KFF), *Medicare Advantage Fact Sheet*, November 2012. Accessed at <http://kff.org/medicare/fact-sheet/medicare-advantage-fact-sheet/> on August 29, 2013.

<sup>2</sup> CMS, *CMS Financial Report Fiscal Year 2012*, November 2012, p. 5. Accessed at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/CFOReport/> on April 1, 2013.

documents.<sup>3,4</sup> Beginning January 1, 2009, CMS required MA organizations to collect data elements under 13 measures:

- Benefit Utilization,
- Procedure Frequency,
- Serious Reportable Adverse Events (Adverse Events),
- Provider Network Adequacy,
- Grievances,
- Organization Determinations and Reconsiderations,
- Employer Group Plan Sponsors,
- Private Fee-for-Service Plan Enrollment Verification Calls,
- Private Fee-for-Service Provider Payment Dispute Resolution Process,
- Agent Compensation Structure,
- Agent Training and Testing,
- Plan Oversight of Agents, and
- Special Needs Plans Care Management.<sup>5</sup>

Appendix A contains descriptions of each of these Part C Reporting Requirements measures.

The measures are each composed of specific data elements that MA organizations must report to CMS. For example, the Adverse Events measure is made up of 21 different data elements, including the number of surgeries on the wrong body part and the number of surgeries with a foreign object left in the patient.

Some measures are reported at the level of the MA contract (i.e., at the level of the MA organization's contract with CMS), and other measures are reported at the level of the MA *plan* offered under a given contract.<sup>6</sup> In addition, CMS requires some measures to be reported annually and others quarterly. Not all measures are required to be reported for all plan types.

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<sup>3</sup> In addition to the Part C Reporting Requirements data, CMS requires MA organizations to report other sets of data, such as the Healthcare Effectiveness Data and Information Set and the Medicare Health Outcomes Survey.

<sup>4</sup> CMS now refers to Part C Reporting Requirements measures as “reporting sections.” The term “measures” was used during the period of our review. Therefore, we use this term throughout the report.

<sup>5</sup> CMS, *Medicare Part C Plan Reporting Requirements Technical Specifications Document*, April 20, 2009, pp. 5–7.

<sup>6</sup> CMS, *2011 Medicare Part C Plan Reporting Requirements Technical Specifications Document*, December 2011, pp. 7–8. Accessed at <http://www.cms.gov/Medicare/Health-Plans/HealthPlansGenInfo/ReportingRequirements.html> on April 10, 2013.

Throughout this report, we will use the term “Part C data” to refer to the data submitted by MA organizations under the Part C Reporting Requirements. CMS collects and manages these data in the Health Plan Management System (HPMS).<sup>7</sup> MA organizations can submit their data to this system electronically through online data-entry pages and file uploads. In 2010, 611 MA contracts submitted Part C data to HPMS. In 2011, 575 MA contracts submitted such data. For both years, all MA organizations that were required to submit Part C data eventually did so.

CMS has suspended reporting requirements for 6 of the original 13 measures: Benefit Utilization, Procedure Frequency, Provider Network Adequacy, Agent Compensation Structure, Agent Training and Testing, and Plan Oversight of Agents.<sup>8</sup> Two of these measures—Agent Compensation Structure and Agent Training and Testing—were suspended after 2009, the first year of Part C reporting. For all of the suspended measures except Plan Oversight of Agents, CMS has indicated that it will derive these data from other sources. For the Plan Oversight of Agents measure, CMS plans to revise the set of data elements and resume its collection in 2014.<sup>9</sup>

### **Significance of Part C Reporting Requirements Data**

The data collected under the Part C Reporting Requirements pertain to the performance of MA organizations and often are not available to CMS from other sources. In a June 2008 Federal Register notice regarding Part C data collection, CMS stated that the data “will be an integral resource for oversight, monitoring, compliance, and auditing activities” that are necessary to ensure the quality of benefits that MA plans provide to enrollees.<sup>10</sup>

To obtain the required Federal approval for collecting the Part C data from MA organizations, CMS submitted justifications for the Reporting Requirements measures. For example, for the Adverse Events measure, CMS indicated that “reliable and valid reporting about the occurrence of [adverse] events ... is necessary so that the causes of these events can be identified and processes of care improved.” For the Grievances measure,

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<sup>7</sup> The purpose of HPMS is to collect and maintain information on MA and Part D plans. This information includes, but is not limited to, beneficiaries’ use of services, the MA and Part D contractor application process, plan oversight, and the tracking of complaints reported to 1-800-Medicare. 73 Fed. Reg. 2257 (Jan. 14, 2008).

<sup>8</sup> CMS, *Medicare Part C Plan Reporting Requirements Technical Specifications Document Contract Year 2013*, February 13, 2013, p. 2. Accessed at <http://www.cms.gov/Medicare/Health-Plans/HealthPlansGenInfo/ReportingRequirements.html> on April 2, 2013.

<sup>9</sup> Ibid.

<sup>10</sup> 73 Fed. Reg. 36329 (June 26, 2008).

CMS stated that it needed these data to “determine if there are issues that are troubling to enrollees and may adversely affect their privacy, access to care, satisfaction with their plan, and the quality of care they are receiving.”<sup>11</sup>

As recently as June 2013, CMS stated that it needs the Part C data to respond to questions about “beneficiary use of available services, patient safety, grievance rates, and other factors pertaining to performance of MA plans” that could not be answered prior to collection and reporting of these data.<sup>12</sup> CMS also noted that “less frequent collection [of the Part C data] would severely limit CMS’ ability” to oversee and monitor MA benefits.

CMS has not included any of the Part C Reporting Requirements measures in its calculation of star ratings for MA plans. (These ratings are posted for consumers on the Medicare Plan Finder Web site and used to award value-based bonus payments to MA plans.) However, in April 2013, CMS stated that it was considering adding the Special Needs Plans Care Management measure to the 2015 ratings.<sup>13</sup>

As of May 2013, CMS had posted selected data for the Grievances and Special Needs Plans Care Management measures on the Part C and D Performance Data page of CMS.gov. Although CMS indicated that it was considering including data related to the Adverse Events measure on the CMS.gov page in 2013, it had not posted any such data as of September 2013.<sup>14</sup>

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<sup>11</sup> CMS, *Supporting Statement for Paperwork Reduction Act Submissions: Part C Medicare Advantage Reporting Requirements and Supporting Regulations in 42 CFR § 422.516(a)*, November 17, 2008, pp. 5 and 8. Accessed at [http://www.reginfo.gov/public/do/PRAViewDocument?ref\\_nbr=200810-0938-009](http://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=200810-0938-009) on July 23, 2013.

<sup>12</sup> CMS, *Supporting Statement for Paperwork Reduction Act Submission: Part C Medicare Advantage Reporting Requirements and Supporting Regulations in 42 CFR § 422.516(a)*, CMS-10261, June 21, 2013, pp. 7–8. Accessed at <http://www.cms.gov/Regulations-and-Guidance/Legislation/PaperworkReductionActof1995/PRA-Listing.html> on July 18, 2013.

<sup>13</sup> CMS, *Announcement of Calendar Year (CY) 2014 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter*, April 1, 2013, p. 110. Accessed at <http://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/Announcement2014.pdf> on June 27, 2013.

<sup>14</sup> CMS, *Announcement of Calendar Year (CY) 2013 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter*, April 2, 2012, p. 83. Accessed at <http://www.cms.gov/medicare/health-plans/healthplansgeninfo/downloads/2013-call-letter.pdf> on April 24, 2013.

## **Analysis of Part C Reporting Requirements Data**

CMS contracted with Acumen “to validate, prepare, and analyze Medicare Parts C and D Reporting Requirements data” that MA contracts began to report in 2009.<sup>15</sup> CMS intended for the services provided under the Acumen contract to (1) enable it to monitor and measure the compliance of MA organizations with Federal regulations and (2) help it to ensure that beneficiaries receive quality care. CMS paid Acumen \$242,583 to perform these services in 2012.

Some of the tasks that CMS specified in Acumen’s Statement of Work were:

- monitoring the completeness of MA contracts’ submissions of Part C data,
- identifying MA contracts that are potential outliers or may have submitted inconsistent data for selected Part C Reporting Requirements measures,
- performing quantitative analysis of submitted data, and
- creating Public Use Files for the Part C data.

Since 2009, Acumen has downloaded Part C data from HPMS and reviewed all MA contracts’ data submissions. For each reporting period, Acumen created methodology documents describing how it reviewed the Part C data. Acumen identified MA contracts that did not submit data by the due date, submitted data that contained placeholders, submitted data that were inconsistent, or submitted outlier data values.<sup>16</sup> Acumen sent email and Web notifications to these MA contracts. Before sending these notifications, Acumen provided lists of the MA contracts to CMS for review and approval. CMS has not required Acumen to determine, on a regular basis, whether MA contracts resubmitted their data in response to the notifications or to follow up with MA contracts regarding identified data issues. Table 1 on the following page lists the data reviews that CMS required Acumen to perform for each Part C Reporting Requirements measure for 2010 and 2011.

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<sup>15</sup> CMS, *Statement of Work for Contract GS-10F-0133S, Task Order HHSM-500-2008-00428G*, September 16, 2008.

<sup>16</sup> An MA contract is considered to have submitted Part C data that contain placeholders if it submitted values of zero for two or more measures in a single reporting period. An MA contract submitted inconsistent data if it submitted data values for a measure that contradict one another. For example, data submitted by an MA contract for the Plan Oversight of Agents measure would be inconsistent if the number of sales agents investigated on the basis of complaints exceeded the total number of sales agents for that MA contract. An outlier data value is an individual data value that falls outside a specified range of reported values, or falls above or below a predetermined benchmark value.

Since 2010, Acumen has provided CMS with annual reports of the results of its quantitative analyses of the Part C data submitted by MA contracts. These reports include a descriptive summary of the data submitted for each measure, including ranges and means; analyses of the data by data element and type of MA contract; and characteristics of MA contracts with outlier data values. Acumen has also produced ad hoc reports at CMS's request, including reports that summarize the data submitted for specific measures, focus on data submitted by selected MA contracts, and identify data trends across multiple years.

**Table 1: Data Reviews Performed by Acumen on Part C Reporting Requirements for 2010 and 2011**

Measure	Measure Reviewed for Overdue Data	Measure Reviewed for Placeholder Data	Measure Reviewed for Inconsistent Data	Measure Reviewed for Outlier Data Values
Benefit Utilization	✓ <sup>1</sup>	✓ <sup>1</sup>		✓ <sup>1</sup>
Procedure Frequency	✓	✓		✓
Adverse Events	✓	✓	✓ <sup>2</sup>	✓
Provider Network Adequacy	✓	✓	✓	✓
Grievances	✓	✓		✓
Organization Determinations and Reconsiderations	✓	✓		✓
Employer Group Plan Sponsors	✓			
Private Fee-for-Service Plan Enrollment Verification Calls	✓	✓ <sup>1</sup>		✓ <sup>1</sup>
Private Fee-for-Service Provider Payment Dispute Resolution Process	✓	✓ <sup>1</sup>		✓ <sup>1</sup>
Plan Oversight of Agents	✓	✓	✓	✓
Special Needs Plans Care Management	✓	✓	✓ <sup>2</sup>	✓

Source: Office of Inspector General (OIG) review of Part C Reporting Requirements Methodology Documents provided by Acumen.

<sup>1</sup> Measure reviewed for 2010 only. CMS suspended the Benefit Utilization measure after 2010. Acumen did not review the Private Fee-for-Service measures for placeholder data or outlier data values for 2011; CMS specified that these measures would be used for monitoring only.

<sup>2</sup> Measure reviewed for 2011 only. Acumen did not review the Adverse Events and Special Needs Plans Care Management measures for inconsistent data for 2010.

Beginning in September 2010, CMS added a plan-monitoring task to Acumen's contract. This requires Acumen to create performance metrics for MA organizations using Part C data related to access to care and quality of care. As specified in the Statement of Work, the purpose of this task is to help CMS proactively identify MA organizations with potential program compliance issues. In January 2012, Acumen provided CMS with performance scores for 548 MA contracts on the basis of the Part C data submitted for 2010.

### **Data Validation Audits of Part C Reporting Requirements Data**

In 2010, CMS amended 42 CFR § 422.516 to state that each MA contract is subject to an independent yearly audit of data submitted for the Part C Reporting Requirements. The audits were designed to uncover deficiencies in MA contracts' reporting practices and to verify that the Part C data values that MA contracts submit to CMS are supported by documentation and data files. As part of the rationale for this amendment, CMS specified that the retrospective data validation audits will focus on how each MA organization collects, reports, and stores its data; takes into account appropriate data exclusions; and verifies its calculations.<sup>17</sup>

CMS requires all MA contracts to hire an independent, external entity to perform the required audits. These data validation auditors conduct the audits for selected Part C Reporting Requirements measures in accordance with procedures and standards developed by CMS.<sup>18, 19</sup> Auditors may review either a sample or all of the Part C data reported for an MA contract, in addition to policies, procedures, and source documents. A data validation audit of an MA contract does not take into account the data issues that Acumen identified for that contract.

CMS assigns a score to each MA contract on the basis of the audit findings. CMS establishes an overall score threshold that it uses to determine whether an MA contract receives a "Pass" (for a score that meets or exceeds the threshold) or a "Not Pass" (for a score that falls

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<sup>17</sup> 75 Fed. Reg. 19678, 19760–19761 (April 15, 2010).

<sup>18</sup> For 2011, the first year of data validation audits, CMS included data elements under five of the Part C Reporting Requirements measures: Provider Network Adequacy, Grievances, Organization Determinations and Reconsiderations, Employer Group Plan Sponsors, and Plan Oversight of Agents. CMS, *Medicare Part C and Part D Reporting Requirements Data Validation Procedure Manual*, December 2010, p. 3.

<sup>19</sup> For the 2012 audits, CMS added data elements under three additional Part C Reporting Requirements measures: Procedure Frequency, Adverse Events, and Special Needs Plans Care Management. CMS, *Medicare Part C and Part D Reporting Requirements Data Validation Procedure Manual, Version 2.0: December 2011*, p. 3. Accessed at <http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/DVProcedureManualVer2.pdf> on June 26, 2013.

below the threshold).<sup>20</sup> For the audits performed in 2011, the score threshold was 70 percent. For the audits performed in 2012, CMS raised the score threshold to 90 percent. CMS issues a report to all MA contracts to notify them of their audit scores. CMS requires any MA contract that scored below the threshold to submit a corrective action plan.

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## METHODOLOGY

### Scope

We reviewed the extent and types of issues with Part C data that Acumen identified for measures that were active in 2010 and 2011. We determined the steps that Acumen took to identify these data issues and the steps that CMS took to address them. We reviewed how CMS has used the Part C data; the analyses and reports provided by Acumen; and the results of the data validation audits to monitor and assess MA organizations' performance.

We excluded demonstration and cost contracts from our review. We also did not include in our analysis any data issues related to the Benefit Utilization measure, as CMS suspended collection of data for this measure for the 2011 reporting period. In addition, we did not include in our review of outlier issues the measures Private Fee-for-Service Plan Enrollment Verification Calls or Private Fee-for-Service Provider Payment Dispute Resolution Process because Acumen calculated outlier issues for these two measures for the 2010 reporting period, but not for 2011.

### Data Collection

*Acumen.* We requested that Acumen provide spreadsheet files containing all Part C data issues that it identified for reporting periods in 2010 and 2011.<sup>21</sup> We asked Acumen to include in these files all of the information it had provided to CMS regarding the data issues, such as the MA contract name, the contract number, the reporting period, the reporting measure, the submission due date, and the data issue identified. We also asked Acumen to include the dates when CMS approved sending notices regarding data issues and the dates when Acumen issued the notices to the MA contracts. We asked Acumen to provide the methodology documents it created for its analyses of 2010 and 2011 Part C data.

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<sup>20</sup> CMS, *Medicare Part C and Part D Reporting Requirements Data Validation Procedure Manual, Appendix K: Pass/Not Pass Determination Methodology Version 2.0*, p. 1. Accessed at <http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/PartCDDDataValidation.html> on April 11, 2013.

<sup>21</sup> Acumen identified MA contracts that did not submit data by the due date, submitted data that contained placeholders, submitted inconsistent data, or submitted outlier data values.

We requested that Acumen complete a survey about its processes for reviewing and analyzing data, and about its interactions with CMS regarding MA contracts/plans that did not submit data by the due date, submitted data that contained placeholders, submitted inconsistent data, or submitted outlier data values. We asked Acumen to provide documentation to support its survey responses.

CMS. We collected data from CMS's Medicare Drug Benefit and C and D Data Group within its Center for Medicare. We sent CMS the spreadsheet files that Acumen provided to us and asked CMS for additional information for each data issue listed in the spreadsheet. Specifically, we asked CMS whether it had contacted the MA contract about the data issue, and if so, how many times; how the MA contract responded; and whether the MA contract had addressed the data issue. We also asked CMS whether it had collected supporting documentation from the MA contract to confirm that the original Part C data that the MA contract had submitted had either been accurate or had been corrected and resubmitted. If CMS did not contact the MA contract about the data issue that Acumen identified, we asked CMS why it did not do so.

We surveyed CMS about its review of information that Acumen provided, its processes and actions with regard to the data issues that Acumen identified, and its use of reports on the Part C Reporting Requirements data that Acumen provided. We inquired about CMS's use of the results of the Part C Reporting Requirements data validation audits. We also inquired about CMS's use of the Part C data to monitor and assess MA organizations' performance. We asked CMS to provide documentation to support its survey responses.

### **Analysis**

We reviewed and summarized Acumen's survey responses and supporting documentation regarding its processes and interactions with CMS concerning Part C data issues. We reviewed and summarized CMS's survey responses and supporting documentation regarding its review and use of the information provided by Acumen, its use of data validation audit results, and its use of the Part C data to evaluate MA contracts' performance.

We reviewed the spreadsheet files that Acumen provided and summarized the number of data issues it identified for 2010 and 2011. We grouped the data issues by type and calculated the total number of issues of each type and for each Part C measure. We analyzed the data issues by MA contract and determined whether an MA contract had the same type of issue for multiple measures. We also determined whether an MA contract had data issues with the same measure for both 2010 and 2011.

We reviewed the additional information that CMS provided for each data issue in the spreadsheet files. We summarized the numbers and types of data issues for which CMS contacted MA contracts. We also summarized the actions that CMS took in response to these data issues.

### **Limitations**

We did not validate Acumen's analyses of submissions of 2010 and 2011 Part C data. We did not contact MA contracts about the Part C data issues that Acumen identified for 2010 and 2011. We did not evaluate the quality or sufficiency of the data validation audits and did not validate the audit results provided to CMS. We also did not verify the survey responses that CMS and Acumen provided.

### **Standards**

This study was conducted in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

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## FINDINGS

### **CMS implemented regular and extensive reviews of the Part C data, but it conducted minimal followup on data issues identified for 2010 and 2011**

CMS requires Acumen to conduct thorough reviews and analyses of all Part C data submitted by MA contracts. CMS designed these reviews to identify MA contracts that did not submit data by the due date, submitted data that contained placeholders, submitted data that were inconsistent, or submitted outlier data values. Acumen has performed the required reviews and supplied both CMS and MA contracts with information about the data issues it identified. Acumen has also provided CMS with Part C data analysis reports and performance metrics for MA contracts.

For 2010 and 2011, 638 MA contracts submitted Part C data to CMS. Acumen identified 2,134 data issues across 513 of these 638 MA contracts. Acumen provided CMS with information about each data issue it identified before notifying the MA contracts on CMS's behalf. Specifically, the data issues included 1,904 outlier incidents, 147 incidents of overdue data, 50 incidents of inconsistent data, and 33 incidents of placeholder data.<sup>22</sup>

CMS did not contact any MA organizations to determine the cause of the outlier data values identified by Acumen or to ensure that inconsistent data were corrected. CMS also did not follow up with MA organizations to address data submitted with placeholder values. CMS has not required Acumen to conduct these types of followup activities.

CMS followed up with MA organizations only regarding overdue Part C data. Specifically, CMS issued noncompliance notices to four MA contracts for eight incidents of overdue data. These incidents made up less than 1 percent (8 of 2,134) of all data issues that Acumen identified for 2010 and 2011.

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<sup>22</sup> For explanations of the terms "outlier data," "inconsistent data," and "placeholder data," see footnote 16.

**Many MA contracts received notices about submissions of outlier data, but CMS did not determine whether outliers reflected inaccurate reporting or atypical performance**

Of the 513 MA contracts with data issues, 490 submitted Part C data that contained outliers. Specifically, Acumen identified 1,904 outlier data values across 7 Part C Reporting Requirements measures for 2010 and 2011, using indicators that it calculated for each of the 7 measures.<sup>23</sup> For example, Acumen calculated an indicator for the Grievances measure equal to the number of reported grievances per 1,000 MA plan enrollees. Acumen used the indicator data to identify MA plans that submitted values that were below the 5<sup>th</sup> percentile or above the 95<sup>th</sup> percentile. Table 2 lists the Part C Reporting Requirements measures that Acumen reviewed for outlier data values, the number of outlier data values that it identified for these measures for 2010 and 2011, and the number of outlier indicators that it calculated for each measure. As shown in Table 2, Acumen identified far fewer outlier data values for the Organization Determinations and Reconsiderations measure in 2011 than in 2010. This reduction accounted for a 40-percent drop in the total number of outlier data values from 2010 to 2011.

**Table 2: Part C Reporting Requirements Measures Reviewed for Outlier Data Values, 2010 and 2011**

Measure	Reporting Frequency	Number of Outlier Values in Reporting Year 2010	Number of Outlier Values in Reporting Year 2011	Total Number of Outlier Values for 2010 and 2011	Number of Calculated Outlier Indicators
Organization Determinations and Reconsiderations	Quarterly	894	365	1,259	4 <sup>1</sup>
Grievances	Quarterly	151	177	328	1
Plan Oversight of Agents	Annual	68	72	140	1
Provider Network Adequacy	Annual	32	13	45	3
Adverse Events	Annual	29	28	57	2
Procedure Frequency	Annual	21	23	44	1
Special Needs Plans Care Management	Annual	19	12	31	2
<b>Total</b>		<b>1,214</b>	<b>690</b>	<b>1,904</b>	

Source: OIG analysis of Part C Reporting Requirements data files and Methodology Documents that Acumen provided.

<sup>1</sup> Acumen calculated five outlier indicators for the 4<sup>th</sup> quarter 2011 data submitted for the Organization Determinations and Reconsiderations measure.

<sup>23</sup> For the 2010 and 2011 reporting periods, Acumen calculated outlier data values for the measures Procedure Frequency; Adverse Events; Provider Network Adequacy; Grievances; Organization Determinations and Reconsiderations; Plan Oversight of Agents; and Special Needs Plans Care Management.

Acumen notified all of the MA contracts that they had submitted outlier data values and requested that they review the data to confirm their accuracy. However, CMS did not contact any of these MA contracts to gather more information about these outliers. Therefore, CMS did not determine whether the outliers reflected inaccurate reporting or atypical performance.

In the preamble to an April 2010 final rule regarding policy and technical changes to the Part C and Part D programs, CMS stated that analyzing reported data for outliers identifies potential noncompliance and the need for further investigation and is a valuable tool to monitor and compare contracting organizations in a timely and effective manner.<sup>24</sup> In response to the Office of Inspector General's (OIG) inquiry as to whether CMS had contacted MA contracts that submitted outlier data, CMS staff stated:

[A]n outlier doesn't mean [an MA contract] submitted inaccurate data. As a result, outlier data do not trigger any action except that plans/contracts are contacted and informed that they have submitted outliers and that they should verify/review their data submission.<sup>25</sup>

CMS did not require MA contracts to respond to Acumen's outlier notices or to provide any documentation that they verified the accuracy of their data. In addition, CMS did not require Acumen to check for resubmissions of Part C data in HPMS or to follow up with MA contracts to inquire about outlier data values.

MA contracts submitted outlier values for successive years and multiple Part C Reporting Requirements measures. Acumen determined that 490 MA contracts had submitted data that contained outliers for 2010 and 2011. Twenty-two percent of the 490 MA contracts (110 of 490) submitted such data for the same Reporting Requirements measure in both 2010 and 2011.

Forty percent of the 490 MA contracts (198 of 490) submitted data that contained outlier values for two or more Part C Reporting Requirements measures during the 2-year review period. Of these 198 MA contracts, 56 submitted outlier data values for three or more measures, including 3 contracts that submitted outlier data values for 5 of the 7 Part C Reporting Requirements measures.

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<sup>24</sup> 75 Fed. Reg. 19686–19687 (April 15, 2010).

<sup>25</sup> CMS, response to OIG survey: *Medicare Advantage Organizations' Part C Reporting Requirements*, January 2013.

***CMS did not follow up to ensure that inconsistent data identified by its contractor were corrected***

Acumen conducted consistency checks on data submitted for four of the Part C Reporting Requirements measures it reviewed. Data submitted for two of these measures—Provider Network Adequacy and Special Needs Plans Care Management—contained inconsistencies. For data submitted in 2010 and 2011, Acumen identified 50 instances of inconsistent data values for 41 MA contracts. Acumen notified these MA contracts of the inconsistent data. However, CMS did not contact the MA contracts to confirm that the issues were corrected or to determine why the issues occurred. In addition, CMS has not required Acumen to track whether an MA contract resubmits Part C data in HPMS in response to notices of inconsistent data.

Ten of the forty-one MA contracts were identified as having inconsistent data for the Special Needs Plans Care Management measure. Acumen routinely performs two consistency checks of data submitted for this measure. For example, Acumen reviews the data to ensure that the number of new Special Needs Plans enrollees receiving an initial assessment does not exceed the total number of new enrollees reported. Acumen sent spreadsheet reports to CMS listing the inconsistent data it identified for this measure for 2011 and received approval from CMS to notify the 10 MA contracts that submitted these data. When OIG requested specific information from CMS on Part C data issues, CMS responded that it believed HPMS had already been rejecting submissions with inconsistent data. In January 2013, during the course of OIG’s review, CMS submitted a Change Request to modify HPMS to prevent the submission of Special Needs Plans Care Management data that would fail the two consistency checks.

Thirty-one MA contracts were identified as having inconsistent data for the Provider Network Adequacy measure. For one of the two consistency checks of the data for this measure, Acumen determines whether the number of specialists participating in the network for the entire plan year exceeds the number of specialists participating at the start of the plan year. One of the thirty-one contracts was identified as having the same inconsistency in both 2010 and 2011.

**CMS has made limited use of the Part C data despite its investments in contractor reviews of the data**

CMS has contracted with Acumen to review, analyze, and report on the Part C data, but CMS has not used these data or the analyses that Acumen generated to review MA contracts’ performance. Since 2010, CMS has

required that each MA contract undergo an independent yearly audit of data submitted for the Part C Reporting Requirements. Most MA organizations have scored well on these audits. Although CMS has used the Part C data to respond to inquiries, it has not yet released these data to the public, as specified in Acumen's Statement of Work.

***CMS has not used the quantitative analyses of Part C data that Acumen produced to review MA contracts' performance***

CMS has indicated that it reviews the quantitative analysis reports that Acumen created, which include outlier analyses. Acumen has also calculated performance scores for MA contracts at CMS's request.<sup>26</sup> However, CMS has not used this information to inform the selection of MA contracts for audits or to issue compliance notices to MA contracts for performance concerns.

Part C regulations specify that CMS has the authority to find an MA organization out of compliance with contract requirements when the organization's performance represents an outlier relative to the performance of peer organizations.<sup>27</sup> More than 500 MA contracts have submitted Part C data for each reporting period since 2009. However, in response to OIG's inquiry, CMS staff stated that a limitation in using the Part C data to monitor and assess MA contracts' performance is that "there is little comparative data available for [the Part C Reporting Requirements measures] ... to establish benchmarks for 'good' or 'poor' performance."

CMS also stated that it did not use the Part C data to assess MA organizations' continued participation in the MA program because there are "factors much larger than just Part C Reporting Requirements data" on which to base decisions about program participation.

***MA contracts scored well on the data validation audits that CMS required***

Only 3 percent of MA contracts failed to pass their independent data validation audits for 2010 and 2011. Data validation audits for the Part C Reporting Requirements were first required in 2011 to review individual MA contracts' 2010 data submissions for five measures. For each MA contract, these retrospective audits were designed to uncover deficiencies in reporting practices and verify that the Part C data values submitted to CMS are supported by documentation and data files.

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<sup>26</sup> Acumen calculated performance scores for all MA contracts that passed the data validation audits. For each MA contract, Acumen calculated performance scores for indicators for three Part C Reporting Requirements measures as well as a composite performance score.

<sup>27</sup> 42 CFR § 422.504(m)(2).

For 2010 and 2011, CMS required any MA contract that failed to pass its data validation audit to submit a corrective action plan. However, CMS did not require MA contracts to submit any documentation to confirm that they resolved the issues that the audits had identified.

In fall 2012, CMS performed a limited review of data validation workpapers to ensure that the audits were meeting their goal of improving the accuracy and validity of the Part C data.<sup>28</sup> The only finding of this workpaper analysis was that some data validation auditors started their audit activities before the specified review period. CMS concluded that the audits “were meeting the initial goal of data validation.”

***CMS used the Part C data to respond to a small number of inquiries, but it has not released the data to the public as intended***

In published program documents, CMS has stated that it uses the Part C data to respond to inquiries from Congress, oversight agencies, and the public regarding MA organizations’ performance.<sup>29</sup> CMS has used the Part C data reported for two measures to respond to two specific inquiries.

CMS received a complaint about one MA organization’s Special Needs Plans—specifically, about the performance of initial and annual health risk assessments. CMS analyzed data for the Special Needs Plans Care Management measure for 2010. CMS’s analysis confirmed that the MA organization in question reported performing health risk assessments for only 22.6 percent of new enrollees in 2010, which was significantly below the average of 47.2 percent for all MA Special Needs Plans. CMS requested that the MA organization confirm “the accuracy or inaccuracy of the numbers reported” for the Special Needs Plans Care Management measure and explain the low numbers of health risk assessments that the organization reported having performed.

In another inquiry, the Government Accountability Office (GAO) asked CMS about actions the agency had taken in response to a recommendation in a December 2008 GAO report. GAO recommended that CMS investigate the extent to which beneficiaries in private fee-for-service

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<sup>28</sup> CMS requested 2012 data validation workpapers for three MA contracts to conduct a workpaper analysis. Workpapers were requested for one Part C Reporting Requirements measure and four Part D Reporting Requirements measures.

<sup>29</sup> CMS, *Medicare Part C and Part D Reporting Requirements Data Validation Procedure Manual, Version 2.0: December 2011*, p. 1. Accessed at <http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/DVProcedureManualVer2.pdf> on June 26, 2013.

plans face unexpected costs.<sup>30</sup> In response to GAO’s inquiry, CMS reported that it analyzed the data that MA plans submitted for the Organization Determinations and Reconsiderations measure for 2009 and 2010. CMS compared the data submitted by private fee-for-service plans to the data submitted by other types of MA plans.

CMS’s analysis determined that private fee-for-service plans were not outliers compared to other types of MA plans for the numbers of determinations and reconsiderations reported for 2009. However, for 2010, CMS found that private fee-for-service plans generally had lower rates of decisions that were favorable and partially favorable to the beneficiary compared to other types of MA plans.

CMS has not decided when Part C Reporting Requirements Public Use Files (PUFs) will be created or released to the public. In Acumen’s Statement of Work, CMS stated that one purpose of the contract was to create Part C Reporting Requirements PUFs. CMS indicated that Acumen should create the PUFs quarterly, using final Part C data, beginning in August 2009. CMS also specified that the files should be consumer-friendly and should be posted on CMS’s Web site with a link to Data.gov. As of January 2013, CMS indicated that it had not required Acumen to create PUFs because the Part C data were too new. As of May 2013, CMS had posted selected data for two measures—Grievances and Special Needs Plans Care Management—on CMS.gov’s “Part C and D Performance Data” page.

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<sup>30</sup> GAO, *Medicare Advantage Characteristics, Financial Risks, and Disenrollment Rates of Beneficiaries in Private Fee-for-Service Plans*, GAO-09-25, December 2008. Accessed at <http://www.gao.gov/assets/290/284340.pdf> on April 9, 2013.

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## CONCLUSION AND RECOMMENDATIONS

In 2012, 27 percent of Medicare beneficiaries were enrolled in MA plans. The data collected under the Part C Reporting Requirements pertain to the performance of MA organizations and often are not available to CMS from other sources.

CMS implemented an extensive plan to ensure that MA contracts' Part C data submissions are reviewed and that data issues are uncovered. CMS's contractor, Acumen, has consistently notified both CMS and MA organizations regarding these data issues. However, CMS has not required Acumen to follow up with MA organizations to determine the reasons for the data issues that Acumen has identified.

For 2010 and 2011, Acumen identified 2,134 data issues with MA organizations' Part C data submissions. In response, CMS issued noncompliance notices to four MA contracts for eight incidents of overdue data, but did not follow up with any other MA contracts to determine the causes of the data issues or to ensure that the issues were addressed. Specifically, CMS did not determine whether outlier data values reflected inaccurate reporting or atypical performance and did not ensure that inconsistent data were corrected.

CMS has required that Acumen and independent auditing firms play key roles in the review and analysis of the Part C data. However, CMS has made limited use of the Part C data despite its investments in these contractors' reviews. CMS has not used the Part C data as part of its reviews of MA organizations' performance, nor has it made public all of the data as intended.

Our findings indicate that additional effort is needed to ensure that identified data issues are investigated and addressed, that the data are considered in reviews of MA contracts' performance, and that the data are publicly available.

We recommend that CMS:

**Determine whether outlier data values submitted by MA contracts reflect inaccurate reporting or atypical performance**

CMS has contracted with Acumen to provide regular review and analysis of the Part C data submitted by MA contracts. Although having outlier data values does not necessarily indicate that an MA contract is a poor performer, MA contracts that repeatedly submit data that contain outliers may be reporting or performing differently than their counterparts. It is important that CMS communicate with MA contracts to determine the

nature of outlier data values and to ensure that reporting errors or performance issues are addressed.

### **Use appropriate Part C data as part of its reviews of MA contracts' performance**

CMS has invested in contractor reviews to ensure the completeness, accuracy, and validity of the Part C data. These data provide insight into how an MA organization is providing services to Medicare beneficiaries. OIG understands that CMS considers many factors in its assessment of an MA contract's performance. However, data for the Part C Reporting Requirements measures are not collected through other means and may be an important source of information for MA contract oversight.

### **Establish a timeline for releasing the Part C Reporting Requirements PUFs**

CMS specified its intent to create Part C Reporting Requirements PUFs in 2009. OIG understands that CMS is reluctant to publicly release data before they have been properly reviewed and validated. However, the Part C data have been reviewed by Acumen since 2009 and have undergone 2 years of independent validation audits. Using the information that Acumen regularly provides along with the results of data validation audits, CMS should be able to determine a timeline for releasing these data to the public.

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## **AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE**

CMS concurred with all of OIG's recommendations. In its comments on the draft report, CMS acknowledged that the Part C Reporting Requirements data are "an important source of information...about beneficiary use of available services, patient safety, grievance rates, and other factors pertaining to the performance of Medicare Advantage plans that [was not available] prior to collection and reporting of these data."

CMS concurred with our first recommendation, stating that it can do more to determine whether outlier data values submitted by MA organizations reflect inaccurate reporting or atypical performance. CMS stated that it will require MA organizations with outlier data to report to CMS whether these data were reported inaccurately or reflect atypical performance. For inaccurate data, CMS will continue to require MA organizations to correct and resubmit these data. For data that an MA organization confirms are accurate, CMS stated that it will follow up with the MA organization if the data indicate potential problems in performance or for patient safety.

CMS concurred with our second recommendation. CMS acknowledged that the Part C data have “typically not been leveraged enough” in CMS components’ reviews of MA organizations. CMS stated that it will send the annual reports and appropriate ad hoc reports prepared by Acumen to all group and division directors involved in reviews of MA organizations. CMS will request that the directors indicate the usefulness of these Part C data reports every time the reports are issued.

CMS concurred with our third recommendation. CMS stated that it will begin releasing PUFs for the Part C Grievances and Special Needs Plans Care Management data in the second quarter of 2014. CMS stated that additional PUFs for the Part C reporting sections will be made available “as the data achieve a degree of reporting reliability and validity that CMS considers appropriate for public reporting.”

The full text of CMS’s comments is provided in Appendix B.

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## APPENDIX A

### **Descriptions of the Part C Reporting Requirements Measures**

The Part C Reporting Requirements measures described here are the original 13 measures established by CMS.

#### ***Benefit Utilization***

This measure was composed of 138 data elements reported by MA contracts, including utilization, payment, and cost-sharing information for different types of Part A and Part B services. MA contracts reported this measure annually for each MA plan. CMS suspended data collection for this measure after 2010.

#### ***Procedure Frequency***

This measure was composed of 23 data elements reported by MA contracts regarding the number of unique enrollees who received specific medical procedures, such as cardiac catheterizations, joint replacements, and organ transplants. MA contracts reported this measure annually. CMS suspended data collection for this measure after 2012.

#### ***Serious Reportable Adverse Events***

This measure is composed of 21 data elements reported by MA contracts regarding the number of specific types of adverse events and hospital-acquired conditions that occurred in acute-care hospitals or after discharge from acute-care hospitals. Examples include the number of surgeries on the wrong body part, the number of surgeries with a foreign object left in the patient, and the number of catheter-associated urinary tract infections. MA contracts report this measure annually.

#### ***Provider Network Adequacy***

This measure was composed of 96 data elements reported by MA contracts regarding the number of different types of providers that were in the MA contract's network during the reporting period. Examples include the number of primary care internal medicine physicians in the network on the first day of the reporting period and the number of cardiologists accepting new patients at the start of the reporting period. MA contracts reported this measure annually. CMS suspended data collection for this measure after 2012.

### ***Grievances***

This measure is composed of seven data elements reported by MA contracts regarding the number of different types of grievances filed by enrollees and completed during the reporting period. MA contracts report this measure quarterly for each MA plan.

### ***Organization Determinations and Reconsiderations***

This measure is composed of six data elements reported by MA contracts regarding the number and type of determinations made in response to enrollee requests for coverage of items or services, and the number and type of reconsiderations resulting from MA contracts' reviews of determinations. MA contracts report this measure quarterly.

### ***Employer Group Plan Sponsors***

This measure is composed of nine data elements reported by MA contracts. For each MA plan, MA contracts report information about the employer groups that have arrangements with the plan to provide health benefits to their group members. This measure is reported annually.

### ***Private Fee-For-Service Plan Enrollment Verification Calls***

This measure is composed of three data elements reported by private fee-for-service MA contracts regarding the number of telephone contacts made and educational letters sent to prospective enrollees in response to enrollment requests. MA contracts report this measure annually for each private fee-for-service plan.

### ***Private Fee-For-Service Provider Payment Dispute Resolution Process***

This measure is composed of three data elements reported by private fee-for-service MA contracts regarding the number of provider payment appeals and denials during a reporting period. MA contracts report this measure annually for each private fee-for-service plan.

### ***Agent Compensation Structure***

This measure was composed of six data elements reported by MA contracts. The type of information collected included the number of licensed independent agents selling plans in the reporting period and the compensation that these agents received during the reporting period. MA contracts reported this measure annually. CMS suspended data collection for this measure after 2009.

### ***Agent Training and Testing***

This measure was composed of eight data elements reported by MA contracts regarding the number of sales agents who completed training and the number of agents who took and passed tests. MA contracts reported this measure annually. CMS suspended data collection for this measure after 2009.

### ***Plan Oversight of Agents***

This measure was composed of six data elements reported by MA contracts regarding complaints and disciplinary actions involving agents licensed to sell plans on behalf of the MA organizations during the reporting period. This measure was reported annually. CMS suspended data collection for this measure after 2012 and plans to resume data collection in 2014.

### ***Special Needs Plans Care Management***

This measure is composed of four data elements reported by MA contracts regarding the initial health risk assessments and annual reassessments performed on enrollees in MA contracts' Special Needs Plans. MA contracts report this measure annually for each Special Needs Plan.

## APPENDIX B

### Agency Comments

	DEPARTMENT OF HEALTH & HUMAN SERVICES	Centers for Medicare & Medicaid Services
		<i>Administrator</i> Washington, DC 20201
<b>DATE:</b>	JAN 16 2014	
<b>TO:</b>	Daniel R. Levinson Inspector General	
<b>FROM:</b>	Marilyn Tavenner /S/ Administrator	
<b>SUBJECT:</b>	Office of Inspector General (OIG) Draft Report: "CMS Regularly Reviews Part C Reporting Requirements Data but CMS's Follow-up and Use of the Data are Limited" (OEI-03-11-00720)	

Thank you for the opportunity to review and comment on the OIG draft report titled above. The OIG reviewed the extent and types of Part C Reporting Requirements data issues identified by Acumen for measures (now called "reporting sections") that were active in 2010 and 2011. In addition, the OIG reviewed documentation supplied by CMS in an attempt to determine the steps taken by Acumen to identify data issues and steps CMS took to address them.<sup>1</sup>

The data provided to CMS through the Part C reporting requirements are an important source of information for CMS to provide information about beneficiary use of available services, patient safety, grievance rates, and other factors pertaining to the performance of Medicare Advantage (MA) plans that could not be answered prior to collection and reporting of these data.

We appreciate OIG's efforts in working with CMS to ensure that the Part C reporting requirements data are more widely distributed and used to assess performance of MA plans. Our response to each of the OIG recommendations follows:

**Recommendation:**

The OIG recommends CMS determine whether outlier data values submitted by Medicare Advantage (MA) contracts reflect inaccurate reporting or atypical performance.

**CMS Response:**

The CMS concurs that it can do more to determine whether outlier data values submitted by MA organizations reflect inaccurate reporting or atypical performance.

<sup>1</sup> Acumen is a CMS contractor that reviews and analyzes all Part C Reporting Requirements data submitted by MA organizations (MA only contracts and MA-PD contracts), identifies data issues, and notifies affected MA organizations.

Currently, Acumen notifies organizations that they have outlier data on behalf of CMS. Organizations are then responsible for determining whether the data were reported inaccurately or reflect atypical performance, and resubmit any inaccurate data accordingly. CMS does not make this determination for the MA organizations.

To determine whether outlier data values submitted by MA organizations reflect inaccurate reporting or atypical performance, CMS will require MA organizations that have outlier data to report to CMS whether the data were reported inaccurately or reflect atypical performance. If the data were inaccurate, MA organizations will resubmit the data as they are required to do currently. If the MA organization confirms the data are accurate, CMS will follow up as appropriate with the MA organization if the data indicate potential problems in the organization's performance or for patient safety.

**Recommendation:**

The OIG recommends CMS use appropriate Part C data as a part of its reviews of MA contractors' performance.

**CMS Response:**

The CMS concurs that it should use appropriate Part C Reporting Requirements data as part of its review of MA organizations.

Currently, when a request is made by one of the CMS components to use these data to review MA organizations, CMS shares the data. However, CMS believes these data have typically not been leveraged enough in review processes. To remedy this situation, CMS will send both annual reports and appropriate ad-hoc reports that are prepared by Acumen to all group directors, group deputy directors, division directors and division deputy directors that are involved in MA organization reviews. CMS will request that these directors respond to a question regarding the usefulness of these reports every time they are issued. It is important to note that the Special Needs Plan (SNP) Care Management measure has been on the display measures page of CMS' website and we are considering adding it as star ratings measure.

**Recommendation:**

The OIG recommends CMS establish a timeline for releasing the Part C Reporting Requirements public use files.

**CMS Response:**

The CMS concurs that it should establish a timeline for releasing Public Use Files for the Part C Reporting Requirements data.

The CMS will begin releasing public use files for Part C Grievances and Special Needs Plan Care Management (SNPs) in 2Q 2014 and additional public use files for reporting sections will

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become available as the data achieve a degree of reporting reliability and validity that CMS considers appropriate for public reporting.

Again, we appreciate the opportunity to comment on this draft report and look forward to working with OIG on this and other issues.

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## ACKNOWLEDGMENTS

This report was prepared under the direction of Robert Vito, Regional Inspector General for Evaluation and Inspections in the Philadelphia regional office, and Linda Ragone, Deputy Regional Inspector General.

Amy Sernyak served as team leader for this study. Other Office of Evaluation and Inspections staff from the Philadelphia regional office who conducted this study include Joanna Bisgaier and Consuelia McCourt. Central office staff who provided support include Meghan Kearns, Christine Moritz, and Rita Wurm.

# Office of Inspector General

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