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AMERICAN ACADEMY of ACTUARIES

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December 17, 2018

Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
Attention: CMS-4185-P  
P.O. Box 8013  
Baltimore, MD 21244-8013

Re: CMS-4285-P—Medicare and Medicaid Programs; Policy and Technical Changes to the Medicare Advantage, Medicare Prescription Drug Benefit, Program of All-Inclusive Care for the Elderly (PACE), Medicaid Fee-for-Service, and Medicaid Managed Care Programs for Years 2020 and 2021

To Whom It May Concern,

On behalf of the American Academy of Actuaries' <sup>1</sup> Health Practice Council (HPC), I appreciate this opportunity to provide comments to the Centers for Medicare and Medicaid Services (CMS) in response to its request for comments on proposed rules pertaining to the Medicare Advantage (MA) program. The proposed rules include provisions to revise the risk adjustment data validation (RADV) payment error calculation methodology and process. CMS also released an accompanying study and technical appendix regarding the fee for service (FFS) adjuster.

The risk adjustment mechanism is an important element of the MA program. It aims to reduce incentives for plans to avoid high-cost enrollees and can help ensure that plan payments are adequate and appropriate.

The HPC previously submitted a comment letter to CMS on the RADV program, dated Jan. 21, 2011. The prior letter raised potential technical concerns regarding the RADV methodology and audit process. The new CMS study aimed to assess whether errors in FFS claims data result in a systematic effect on payments made to MA plans. Based on its analysis, CMS concluded that the errors in FFS data do not lead to systematic effects on MA plan payments and that the FFS adjuster is no longer warranted. Given this new information, the HPC is reassessing the MA risk adjustment program and the RADV process.

The accompanying documentation did not fully explain the underlying methodology to its new study, and thus we encourage CMS to be fully transparent as to its methods. In addition, because its analysis was fairly limited, it may be appropriate for CMS to undertake additional

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<sup>1</sup> The American Academy of Actuaries is a 19,500+ member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

comprehensive analyses. The HPC would be happy to work with CMS on any supplemental analyses and provide continued input as it administers the risk adjustment program.

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We appreciate the opportunity to provide these comments and would welcome the opportunity to speak with you regarding these comments in more detail and answer any questions you might have. If you have any questions or would like to discuss further, please contact David Linn, the Academy's senior health policy analyst, at 202-223-8196 or [linn@actuary.org](mailto:linn@actuary.org).

Sincerely,

Audrey Halvorson, MAAA, FSA  
Vice President, Health Practice Council  
American Academy of Actuaries

cc: Paul Spitalnic, Chief Actuary, CMS  
Jennifer Lazio, Director, Part C and D Actuarial Group, CMS  
Cheri Rice, Acting Deputy Director, Parts C and D, Center for Medicare, CMS  
Whitney Johnson, Acting Director, Division of Payment Validation, Medicare Plan Payment Group, CMS