



Press Release

CMS' New RADV Rule

PAULINA ENCK | FEBRUARY 1, 2023

The Centers for Medicare and Medicaid Services (CMS) released a final rule pertaining to the Risk Adjustment Data Validation (RADV) process, which is designed to catch payment errors and discrepancies in its risk adjustment in the Medicare Advantage (MA) program. In a new insight, Health Care Policy Analyst Jackson Hammond explains how the RADV rule works and why it is so controversial.

Key points:

- The new RADV rule confirms CMS's ability to extrapolate error rates beyond the enrollees in a sample population to an entire MA contract when determining how much money the agency can claw back from MA plan sponsors; this extrapolation methodology will be applied retroactively to contracts from the 2018 plan year and thereafter.
- The RADV rule also states that the error rate in fee-for-service (FFS) Medicare – a so-called FFS adjuster – will not be used to adjust MA error rates.
- The RADV rule, which CMS estimates will allow it to recover \$4.7 billion from MA plan sponsors for the years 2018–2023, does not specify the particular methodology or methodologies CMS will use, which may increase uncertainty among MA plan sponsors and weaken existing MA plan offerings.

[Read the analysis](#)