

**Congress of the United States**  
**Washington, DC 20515**

September 22, 2015

The Honorable Gene L. Dodaro  
Comptroller General  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Dodaro:

In 2012, after a multi-year rollout, the Centers for Medicare & Medicaid Services (CMS) began collecting substantial amounts of data on the items and services that the organizations participating in the Medicare Advantage (MA) program provide to beneficiaries who enroll in their health plans. These data, known as encounter data, contain patient and provider information and other information such as the date of service, procedure codes, and primary and supplemental diagnoses for each medical service or item provided to an enrollee. The encounter data that CMS requires Medicare Advantage Organizations (MAO) to submit is much more comprehensive than the data CMS previously collected from MAOs.

In July 2014, the U.S. Government Accountability Office (GAO) reported that, although CMS was requiring MAOs to submit encounter data, the agency had not fully developed plans for using these data. GAO reported that CMS was planning on using the diagnoses from the encounter data in 2015 to “risk adjust” payments to MAOs to account for their enrollees’ expected use of health care services. However, GAO also found that CMS had not taken several key actions to ensure the validity of these data. The GAO report recommended CMS establish specific plans for using encounter data and thoroughly assess its completeness and accuracy before using the data to risk adjust payments or for other purposes.

In April of this year, CMS announced that that 10 percent of its risk-adjusted payments to MAOs’ in 2016 payments would be based on encounter data. Given GAO’s recommendations and concerns regarding the use of such data without sufficient verification we request that GAO take a new look at CMS’s use of encounter data and report on the extent to which the agency has developed specific plans and time frames for using these data and the steps it has taken to ensure the data are sufficiently reliable for payment purposes.

If you have any questions about this request, please contact Nicholas Uehlecke for the Ways and Means Republican staff, Melanie Egorin for the Ways and Means Democratic staff and Josh Trent of the Energy and Commerce Republican staff.

Sincerely,



PAUL D. RYAN  
Chairman  
Committee on  
Ways and Means



FRED S. UPTON  
Chairman  
Committee on  
Energy and Commerce



SANDER M. LEVIN  
Ranking Member  
Committee on  
Ways and Means