CMS Risk Adjustment Data Validation (RADV) Audits

A Comprehensive Guide for Medicare Advantage (MA) Plans

The Risk Adjustment Data Validation (RADV) program is Centers for Medicare & Medicaid Services' (CMS) primary mechanism for validating the accuracy of HCC-based risk-adjusted payments made to Medicare Advantage Organizations (MAOs). By auditing medical record documentation for a statistically valid sample of enrollees, CMS ensures that diagnosis codes used to calculate payments are properly supported.

On May 21, 2025, CMS announced plans to conduct RADV audits for *all* MAOs, heightening the need for proactive readiness and comprehensive response planning. With CMS expanding RADV audits to all MAOs, plans face increased regulatory risk, financial exposure, and documentation scrutiny.[1]

Our Healthcare Risk Management & Advisory team includes certified coders and clinical experts with a proven track record in RADV and Risk Adjustment strategy. We have a scalable team that can support audits across regions and lines of business.

FTI Consulting provides full-lifecycle RADV support:

Readiness Audits: Simulate CMS audits to identify vulnerabilities

Record Review & Coding Validation: Independent audit of documentation quality

Appeals Support: Draft and submit reconsideration and hearing officer appeals

Strategic Advisory: Extrapolation modeling, audit risk management, and policy navigation

RADV Process Breakdown

Contract Selection & Sampling: CMS selects MA contracts for RADV (now expanded to all MAOs). CMS, not the MAO, performs stratified random sampling (typically 201 enrollees).

Medical Record Submission: Up to 5 records per enrollee can be submitted. Records must be from the data collection year, signed, credentialed, and legible.

Medical Record Review Determination (MRRD): CMS reviews documentation to validate HCCs.

Payment Error Calculation (PEC): Payment error rate calculated; extrapolation may be applied across the contract.

Final Audit Report (FAR): Issued by CMS with findings and overpayment calculations.

CMS RADV Appeals Process Key Steps[2]

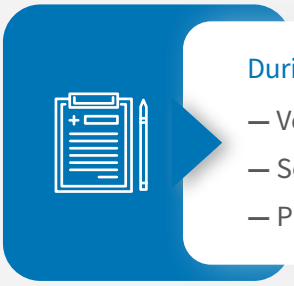
APPEAL LEVEL	DESCRIPTION	KEY ACTIONS
Reconsideration	Secondary review of MRRD/PEC	Submit justifications through CDAT within 60 days
Hearing Officer Review	Legal and technical appeal	File request with expert input and all prior materials
CMS Administrator Review	Final administrative review	Submit comments to Administrator
Judicial Review	Federal court litigation	Permitted after exhausting administrative remedies

Best Practices for MAOs

Plan Preparation & Response Strategy

Pre-Audit

- Conduct mock RADVs
- Validate HCCs and RAPS/EDS data
- Educate coders/providers



During Audit

- Verify CMS sampling
- Select five best medical records per enrollee
- Prepare CMS-formatted submission packets

Appeals

- Develop rebuttal strategies using ICD-10, CMS rules, and clinical standards
- Assemble cross-functional appeal team
- Escalate strategically when needed

HOW FTI CONSULTING CAN HELP

Pre-Audit Services

- Mock RADVs
- Risk score validation
- Provider documentation reviews

Audit Support

- Medical record selection
- Coding validation
- Submission formatting and compliance

Appeals

- Reconsideration and hearing officer packet preparation
- Legal strategy and rebuttals

Program Improvement

- Education programs
- FDR oversight enhancement
- Encounter data integration

Best Practices for MAOs

1. Act promptly and meet all CMS deadlines
2. Provide detailed rebuttals with citations
3. Maintain open communication with CMS
4. Use external experts for high-stakes cases

Sample Deliverables

- Mock audit report with risk map
- Appeals tracking dashboard
- Provider training modules
- RADV response checklist

1 "CMS Rolls Out Aggressive Strategy to Enhance and Accelerate Medicare Advantage Audits," CMS Newsroom (May 21, 2025), https://www.cms.gov/newsroom/press-releases/cms-rolls-out-aggressive-strategy-enhance-and-accelerate-medicare-advantage-audits.

2 "422.311 RADV audit dispute and appeal processes," National Archives Code of Federa Regulations (June 17, 2025), https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-B/part-422/subpart-G/section-422.311.

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