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CMS to Immediately Begin Auditing Medicare Advantage Plans in Significant Expansion of Enforcement Efforts

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On May 21, 2025, the Centers for Medicare and Medicaid Services ("CMS") announced a significant expansion of its auditing efforts with respect to Medicare Advantage ("MA") plans.

For newly initiated audits of MA plans, CMS will audit all eligible MA contracts for each payment year. Additionally, for audits already initiated, CMS will expedite the completion of audits for payment years ("PYs") 2018 through 2024. While the Trump Administration has expressed frustration at the fact that CMS is currently several years behind in completing these audits, CMS has vowed to shore-up its backlog and complete all audits for PY 2018 to PY 2024 by early 2026.

CMS verifies the accuracy of risk-adjusted payments to MA plans by conducting Risk Adjustment Data Validation ("RADV") audits, which seek to ensure that any diagnoses submitted by health plans are supported by the patient's medical records. If such diagnoses are unsupported, CMS may seek recoupment of funds paid to those MA health plans based on the unsupported risk adjusted diagnoses.

CMS has outlined a two-pronged approach in accelerating RADV audits. First, it will use enhanced technology to efficiently review medical records and flag unsupported diagnoses—allowing CMS to drastically increase the number of audits conducted each year. Currently, CMS audits between 50 and 60 health plans per year—CMS expects that such enhanced technology will enable them to enable all 550 active MA health plans each year. Additionally, CMS will increase its auditing sample of each MA health plan from 35 records per health plan per year to 200. Second, CMS will substantially increase the number of medical coders employed to manually verify flagged diagnoses—increasing audit efficiency. CMS notes that it plans to increase its team of medical coders from 40 to approximately 2,000 by September 1, 2025.

CMS’s continued and now-heightened and aggressive focus on RADV audits comes as part of the Trump Administration’s intensified efforts to combat waste, fraud and abuse in health care. It is important to note that while CMS may recover overpayments made to MA health plans based on unsupported diagnosis codes, the MA health plans may then seek to recover those amounts from downstream providers. Depending on their contract with the MA health plan, such downstream providers may be scrutinized for causing the MA health plan to submit an unsupported diagnosis code to CMS. Such aggressive enforcement measures from the Trump Administration signals to the industry that it should ensure that the auditing and monitoring component of its compliance program is proactive and not just reactive.

CMS’s most recent final rule on RADV audits, which updated RADV audit methodology with the aim of improving MA program integrity and payment accuracy, became effective on April 3, 2023.

Proskauer will continue to monitor these developments and their effect on both MA plans and downstream providers.

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