

MEMORANDUM

Date: January 15, 2020

Subject: CMS AND ITS CONTRACTORS DID NOT USE COMPREHENSIVE ERROR RATE TESTING PROGRAM DATA TO IDENTIFY AND FOCUS ON ERROR-PRONE PROVIDERS

On January 15, the U.S. Department of Health and Human Services Office of Inspector General (OIG) published the report titled: [CMS and Its Contractors Did Not Use Comprehensive Error Rate Testing Program Data To Identify and Focus on Error-Prone Providers](#).¹ The report found that CMS and its contractors did not use the data from the Comprehensive Error Rate Testing (CERT) program to review “error-prone” providers between the years 2014-2017. The report identified 100 providers that had high error rates in the CERT sample data that CMS should have reviewed and taken corrective action.

Background

The report conducted this report to verify if CMS and its contractors used the CERT data to identify and target “error-prone” providers. “Error-prone” providers is a term the report created to define providers that have a higher probability of submitting improper claims. “Error-prone” providers “*had at least one error in each of the 4 CERT years analyzed, an error rate of higher than 25 percent in each of the 4 CERT years analyzed, and a total error amount of at least \$2,500.*”¹ In 2010, the report published a report that found CMS and its contractors did not use CERT data to identify and target “error-prone” providers.² For the 2010 report, the report found 740 providers that should have been further investigated by CMS and recommended CMS to review the list and take appropriate corrective action. CMS agreed with the report’s recommendations at the time.

Methodology

To conduct this report, the report reviewed CMS and its contractors’ steps taken to reduce the improper payment rate for the years 2014-2017 and the CERT reporting years for the same time period.

Findings

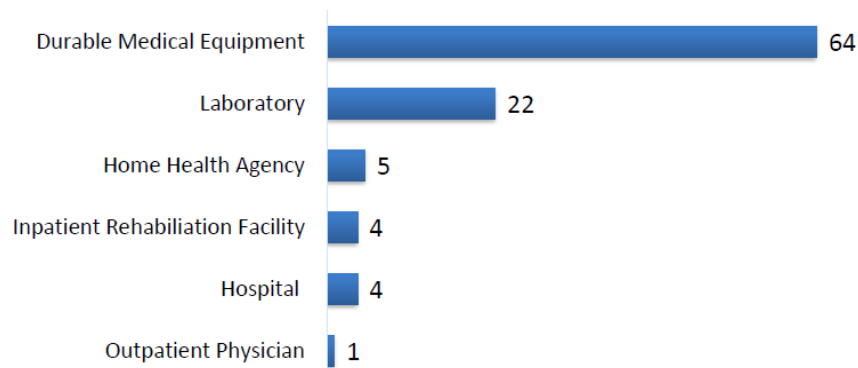
The report found that CMS and its contractors did not use the CERT data to identify and target “error-prone” providers. The report found between 2014-2017, there were \$5.8M in overpayments and of that \$3.5M were from 100 “error-prone” providers. These “error-prone” providers accounted for 60.7% of the CERT error rate. In total, Medicare fee-for-service (FFS) paid \$19.1B to these 100 providers between 2014-2017.

Of the 100 “error-prone” providers identified by the report, 64 are DMEPOS suppliers.

¹ CMS and Its Contractors Did Not Use Comprehensive Error Rate Testing Program Data To Identify and Focus on Error-Prone Providers (A-05-17-00023), issued January 15, 2021.

² Centers for Medicare & Medicaid Services’ Use of Medicare Fee-for-Service Error Rate Data To Identify and Focus on Error-Prone Providers (A-05-08-00080), issued October 7, 2010.

Figure 4: 100 Error-Prone Providers by Provider Type



Of the \$3.4M overpayments to the 100 “error-prone” providers, the top 10 of the providers accounted for \$2.4M of the overpayments.

Figure 5: Top 10 Error-Prone Providers Identified in CERT Data

FYs 2014 Through 2017					
Provider	Provider Type*	Payments Reviewed	Improper Payments	Improper Payment Rate	FFS Payments
1	Hospital	\$1,323,478	\$675,375	51.0%	\$24,141,834
2	IRF	528,818	465,866	88.1%	464,442,073
3	Hospital	659,081	303,856	46.1%	330,934,386
4	IRF	217,027	192,882	88.9%	152,484,458
5	Hospital	499,984	183,153	36.6%	149,497,428
6	DME	360,484	169,428	47.0%	1,382,730,676
7	IRF	125,206	125,206	100.0%	108,291,752
8	IRF	91,303	91,303	100.0%	92,473,128
9	HHA	128,866	90,324	70.1%	6,871,285
10	LAB	79,086	72,913	92.2%	504,590,388
Total		\$4,013,333	\$2,370,306	59.06%	\$3,216,457,408

*Inpatient Rehabilitation Facility (IRF), Durable Medical Equipment (DME), Home Health Agency (HHA), and Laboratory (LAB).

OIG notes that one provider had an error rate of 92% on average. This is based on the provider’s 3,000 claims that were reviewed by the CERT. The OIG states this particular provider received \$500M in Medicare FFS payments during 2014-2017 and based on the CERT error rate, majority of the payments were likely paid improperly.

In addition to these findings, through interviews with the Medicare Administrative Contractors (MACs), the OIG found that after the 2010 report, the MACs were not able to take any action with list of 740 “error-prone” providers CMS provided because CMS did not give any instructions on what to do with the list.

The contractors interviewed for this report explained that the CERT “error-prone” provider list has not been useful for their program integrity efforts because additional information on the providers needed to be included. For example, the “error-prone” provider list given to contractors usually did not include the jurisdictions the providers fell into.

The OIG also notes that CMS discontinued providing the “error-prone” providers list to the contractors while conducting this report.

OIG Recommendations

OIG concludes that CERT data should be used to identify and target providers that have a higher probability of submitting improper claims. The OIG recommended CMS to:

1. review the 100 “error-prone” providers identified in this report and take appropriate corrective action; and
2. reference the CERT data to identify “error-prone” providers that may need corrective action.

CMS Response

CMS disagreed with the OIG’s findings and recommendations. Over the years, CMS has found that using CERT data was ineffective in identifying error-prone providers and therefore stopped solely relying on CERT data to identify error-prone providers. CMS believes the current methods used to identify “error-prone” providers is more reliable than the CERT data. CMS explained that the CERT’s methodology does not meet the precision requirements at the provider/supplier-level because CERT is operating at the Medicare FFS program-level. CMS believes OIG’s methodology is misleading and inaccurate.

OIG’s Response to CMS

The OIG disagreed with CMS and believes OIG’s methodology was sound and effective in identifying potential risk. The OIG understands CMS utilizes a variety of program integrity efforts but believes CMS could benefit from using CERT data in addition to their other existing oversight tools. Although the CERT is not designed to identify issues at the provider-level, the OIG trusts that the CERT data can successfully identify problematic providers because the data is from large claim volumes over multiple years. The OIG believes that using the CERT data can enhance CMS’ efforts to reduce improper payments.