

Report in Brief

Date: September 2017
Report No. A-01-15-00509

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Review

The Fraud Prevention System (FPS), which was developed to meet a requirement in the Small Business Jobs Act of 2010, uses models that predict suspicious behavior to identify and prevent the payment of improper Medicare claims. We conducted required audit work to certify the actual and projected savings and the return on investment related to the use of FPS. When performing that work, we became aware that the Department of Health and Human Services might not have the capability to trace the savings from administrative actions back to the specific FPS model that generated the savings. Without this capability, the Department is not able to accurately evaluate an individual FPS model's performance. Therefore, the Department may be limited in how it assesses the effectiveness of its predictive analytics technologies.

Our objective was to evaluate Centers for Medicare & Medicaid Services' (CMS's) process for refining and enhancing FPS models.

How OIG Did This Review

We reviewed savings data for the second and third implementation years. We met with CMS and discussed the governance process and current performance measures. We evaluated the current performance measures to determine whether the Department effectively used the performance results to refine and enhance the models. We also discussed CMS's plan to upgrade to a new version of FPS.

The Centers for Medicare & Medicaid Services Could Improve Performance Measures Associated With the Fraud Prevention System

What OIG Found

We found that CMS's process for refining and enhancing FPS models needs improvement. Specifically, CMS could not track savings from administrative actions back to the individual FPS models that initiated the investigation because, according to CMS, that capability was not built into the FPS. In addition, CMS did not make use of all pertinent performance results because CMS did not (1) ensure that contractors' adjusted savings reported to CMS reflected amounts certified by the Office of Inspector General and (2) evaluate FPS model performance on the basis of the amounts actually expected to be prevented or recovered. As a result, the FPS is not as effective in preventing fraud, waste, and abuse in Medicare as it could be.

What OIG Recommends and the Centers for Medicare & Medicaid Services Comments

We recommend that CMS make better use of its performance results to refine and enhance the predictive analytics technologies of the FPS models by ensuring that (1) the redesigned FPS is effective in allowing CMS to track savings from administrative actions back to individual FPS models, (2) contractors adjust savings reported to CMS to reflect only FPS-related savings amounts, and (3) evaluations of FPS model performance consider not only the identified savings but also the adjusted savings.

CMS concurred with our recommendations and outlined steps for implementing those recommendations.