CMS and Its Contractors Did Not Use Comprehensive Error Rate Testing Program Data To Identify and Focus on Error-Prone Providers

What OIG Found

CMS and its contractors did not use CERT data to identify and focus on error-prone providers for review and corrective action. Using CERT data, we identified 100 error-prone providers from 2014 through 2017. Of the $5.8 million reviewed by CERT, $3.5 million was incorrect, which is an improper payment rate of 60.7 percent. We determined that during the same period, Medicare made $19.1 billion in FFS payments to these 100 error-prone providers.

The term “error-prone provider” is an OIG-created term to refer to a list of providers identified as having higher rate of errors in the CERT sample data. When used to describe OIG analysis of CERT data from 2014 through 2017, the term refers to providers that 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. An error-prone provider is statistically more likely to submit an improper claim than the average provider.

What OIG Recommends and Auditee Comments

We recommend that CMS: (1) review the list of 100 error-prone providers identified in this audit and take specific action as appropriate, such as prior authorization, prepayment reviews, and postpayment reviews, and (2) use annual CERT data to identify individual providers that have an increased risk of receiving improper payments and apply additional program integrity tools to these providers.

In written comments on our draft report, CMS did not concur with our recommendations. CMS disagreed with our methodology for identifying error-prone providers and suppliers. Additionally, CMS stated that it previously attempted to use CERT data to identify error-prone providers and suppliers but found that CERT data was ineffective for this purpose and discontinued the practice.

After reviewing CMS’s comments, we maintain that our findings and recommendations remain valid. We maintain that CMS can improve its ability to detect these types of providers by using the provider-level CERT data along with its existing oversight efforts.

The full report can be found at https://oig.hhs.gov/oas/reports/region5/51700023.asp.