Why OIG Did This Review
The Medicare Access and Children’s Health Insurance Program Reauthorization Act of 2015 requires the Centers for Medicare & Medicaid Services (CMS) to establish policies to ensure that payments are not made for Medicare services ostensibly rendered to deceased individuals. Previous OIG reviews have identified these sorts of Medicare payments. Our objective was to determine whether CMS’s policies and procedures ensured that capitation payments were not made to Medicare Advantage (MA) organizations for Medicare Parts A and B services on behalf of deceased beneficiaries after the individuals’ dates of death.

How OIG Did This Review
We evaluated the policies and procedures that CMS had in place as of November 2015 to determine whether they were effective in ensuring that these capitation payments to MA organizations for Parts A and B services were not made. We also evaluated the policies and procedures to determine whether they were effective in ensuring that improper payments were identified and recouped. Because recoupment could involve payments made in prior years, we reviewed Medicare payments for calendar years (CYs) 2012 through 2015. MA capitation payments made in this period exceeded $616 billion.

CMS’s Policies and Procedures Were Generally Effective in Ensuring That Capitation Payments Were Not Made After Beneficiaries’ Dates of Death

What OIG Found
CMS had policies and procedures in place that were generally effective in ensuring that capitation payments to MA organizations for Medicare Parts A and B services were not made on behalf of deceased beneficiaries after the individuals’ dates of death. During CYs 2012 through 2015, CMS received updated beneficiary date-of-death information and then made approximately 1.8 million adjustments to capitation payments, thereby recouping $2.96 billion from MA organizations for Parts A and B capitation payments that had been made for beneficiaries who had died.

CMS did not, however, identify and recoup all improper capitation payments. As of March 7, 2017, CMS had not recouped $2.4 million associated with 1,817 capitation payments that were made on behalf of 978 beneficiaries. For our audit period, these improper payments represented .0004 percent of the total capitation payments made to MA organizations and .08 percent of the total adjustments that CMS made after receiving information on beneficiaries’ dates of death.

What OIG Recommends and CMS Comments
We recommend that CMS recoup the $2.4 million in capitation payments made to MA organizations for Medicare Parts A and B services on behalf of deceased beneficiaries and implement system enhancements to identify, adjust, and recoup improper capitation payments in the future.

CMS concurred with both of our recommendations and described corrective actions that it had implemented.

The full report can be found at https://oig.hhs.gov/oas/reports/region7/71605087.asp.