

Report in Brief

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



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 and implement claim edits 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 organizations' prescription drug plans and stand-alone prescription drug plans (collectively referred to as "sponsors") for Medicare Part D coverage on behalf of deceased beneficiaries after the individuals' dates of death.

How OIG Did This Review

We evaluated CMS's policies and procedures in place as of November 2015 to determine whether they were effective in ensuring that capitation payments for Medicare Part D coverage were not made on behalf of deceased beneficiaries after the individuals' dates of death. We also evaluated the policies and procedures to determine whether they were effective in ensuring that improper payments were identified and recouped. We reviewed Part D payments for calendar years 2012 through 2015. Total Part D capitation payments made in this period exceeded \$253.7 billion.

CMS's Policies and Procedures Were Generally Effective in Ensuring That Prescription Drug Coverage Capitation Payments Were Not Made After the Beneficiaries' Dates of Death

What OIG Found

CMS had policies and procedures in place that were generally effective in ensuring that capitation payments to sponsors for Medicare Part D coverage were not made on behalf of deceased beneficiaries after the individuals' dates of death. These policies and procedures generally ensured that CMS did not make improper capitation payments on behalf of deceased beneficiaries when its data systems indicated at the time of a monthly capitation payment that the beneficiaries in question had died.

CMS did not, however, identify and recoup all improper capitation payments. Specifically, as of March 7, 2017, CMS had not recouped \$1.1 million associated with 65,398 separate capitation payments. For our audit period, these improper payments represented .0004 percent of the total capitation payments made to sponsors and .097 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 use the information in this report to recoup the \$1.1 million in capitation payments to sponsors for Medicare Part D coverage on behalf of deceased beneficiaries. We also recommend that CMS continue to 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, to include a system correction to recoup the improper capitation payments we identified.