Medicare’s Policies and Procedures Identified Almost All Improper Claims Submitted for Deceased Individuals and Recouped Almost All Improper Payments Made for These Claims for January 2013 Through October 2015

Inquiries about this report may be addressed to the Office of Public Affairs at Public.Affairs@oig.hhs.gov.

Daniel R. Levinson
Inspector General

October 2016
A-07-16-05089
The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

**Office of Audit Services**

The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

**Office of Evaluation and Inspections**

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

**Office of Investigations**

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

**Office of Counsel to the Inspector General**

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG’s internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.
NOTICES

THIS REPORT IS AVAILABLE TO THE PUBLIC
at http://oig.hhs.gov

Section 8M of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site.

OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.
EXECUTIVE SUMMARY

The Centers for Medicare & Medicaid Services’ policies and procedures identified almost all improper claims submitted for deceased individuals and recouped almost all improper payments made for these claims for January 2013 through October 2015.

WHY WE DID THIS REVIEW

The Medicare Access and CHIP [Children’s Health Insurance Program] Reauthorization Act of 2015 (MACRA), signed into law in April 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. These policies and procedures should include steps to prevent such improper payments from occurring, as well as steps to detect and recoup payments that have been made (including prior-year payments) for Medicare services rendered after the individuals’ dates of death. Accordingly, we evaluated CMS’s policies and procedures as of November 2015 and reviewed payments made for Medicare Parts A and B services provided during calendar years (CYs) 2013, 2014, and 2015 (through October 31, 2015). Previous reviews have identified Medicare payments for services ostensibly rendered to deceased individuals.

The U.S. Department of Health and Human Services, Office of Inspector General (OIG), must report to Congress within 18 months of April 2015, and periodically thereafter as OIG deems necessary, on the activities that CMS has undertaken to ensure that Medicare claims for services ostensibly rendered to deceased individuals are not paid. This report addresses that mandate.

Our objective was to determine whether CMS’s policies and procedures ensure that payments are not made for Medicare services ostensibly rendered to deceased individuals.

BACKGROUND

Federal regulations state that Medicare will not pay for any expenses incurred for items or services that are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member. Because medically necessary services cannot be provided after a Medicare beneficiary dies, payments for claims with dates of service after the individual’s death are generally considered improper payments.

In general, CMS’s data systems obtain Medicare beneficiary date-of-death information from the Social Security Administration (SSA), from the Railroad Retirement Board (RRB), or from institutional claims (i.e., claims from inpatient hospitals, skilled nursing facilities, hospices, and home health agencies). CMS relies on date-of-death information in its Enrollment Database (EDB) and its Common Working File (CWF) to identify improper and potentially improper Medicare payments for claims for services, medical equipment, and supplies with dates of service after individuals’ dates of death. The date-of-death data field in the EDB is updated from SSA’s Master Beneficiary Record, from RRB’s Application Express System, or from changes to the CWF that occur when an institutional claim is processed. Data in the EDB and the CWF are updated daily.
For our audit period (CYs 2013, 2014, and 2015 (through October 31, 2015)), total Medicare Parts A and B payments exceeded $1 trillion. There were a total of 3.5 billion Parts A and B claims for this period.

WHAT WE FOUND

CMS had policies and procedures to ensure that payments were not made for Medicare services ostensibly rendered to deceased individuals. These policies and procedures generally ensured that CMS did not make improper payments when its data systems (including the EDB and the CWF) indicated at the time a claim was processed that the individual had died before the claimed date of service. These policies and procedures also ensured that CMS correctly identified and recouped improper payments for almost all of the cases in which the EDB was updated with date-of-death information after the claims had been processed and paid.

CMS, however, did not identify and recoup all improper payments. Specifically, for our audit period we identified $426,519 in improper payments for 427 Medicare claims and $1,480,913 in potentially improper payments for 1,047 Medicare claims with dates of service that were after the individuals’ dates of death. These improper and potentially improper payments represented 0.0002 percent of the total Parts A and B payments made during this period. In addition, these claims represented only 0.15 percent of the Medicare claims in which the EDB had been updated with date-of-death information after the claims had been processed and paid. With respect to these 1,474 claims, CMS:

- agreed with our analysis that 332 claims with payments totaling $415,069 were improper;
- agreed with our analysis that 95 claims with payments totaling $11,450 were improper and said that it had recouped these payments, and although some of the payments had been recouped during our fieldwork, it was not able to determine when all of the payments had been recouped; and
- stated that 1,047 claims with payments totaling $1,480,913 (which we classify as potentially improper payments) were allowable on the basis of date-of-death information in the CWF but acknowledged that the EDB had conflicting date-of-death information.

WHAT WE RECOMMEND

We recommend that CMS:

- direct Medicare contractors to initiate recoupment for $415,069 in improper payments associated with the 332 claims whose dates of service were after the individuals’ dates of death;
- confirm that the $11,450 in improper payments associated with the 95 claims that we identified have been recouped; and
• review the accuracy of the beneficiary dates of death in the CWF and EDB to determine whether any of the $1,480,913 relating to the 1,047 claims with conflicting date-of-death information were improper payments, and if so, direct Medicare contractors to initiate recoupment for the identified amounts.

CMS COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, CMS concurred with all of our recommendations and described corrective actions that it had taken or planned to take. CMS also provided technical comments on the draft report as well as additional information updating the status of the Medicare claims for which, at the time of issuance of our draft report, it had not completed its analysis.

After reviewing CMS’s comments and the additional information it provided, we modified some of our findings and the associated recommendations for this final report. In so doing, we removed the third draft report recommendation to which CMS referred in its written comments.
TABLE OF CONTENTS

INTRODUCTION .................................................................................................................1

Why We Did This Review ...............................................................................................1

Objective .........................................................................................................................1

Background .....................................................................................................................1

Medicare Program ........................................................................................................1

Medicare Payments on Behalf of Deceased Beneficiaries .............................................2

Obtaining and Processing Information for Individuals’ Dates of Death .......................2

How We Conducted This Review ....................................................................................3

FINDINGS .........................................................................................................................4

Federal Requirements ....................................................................................................4

CMS’s Policies and Procedures for Identifying Claims With Dates of Service After Individuals’ Dates of Death Were Effective in Preventing or Identifying and Recouping Almost All Improper Payments ........5

Conclusion ....................................................................................................................6

RECOMMENDATIONS .....................................................................................................6

CMS COMMENTS ..........................................................................................................6

OFFICE OF INSPECTOR GENERAL RESPONSE ..........................................................7

APPENDIXES

A: Related Office of Inspector General Reports ..............................................................8

B: Audit Scope and Methodology ..................................................................................9

C: CMS Comments .....................................................................................................11
INTRODUCTION

WHY WE DID THIS REVIEW

The Medicare Access and CHIP [Children’s Health Insurance Program] Reauthorization Act of 2015 (MACRA), signed into law in April 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. These policies and procedures should include steps to prevent such improper payments from occurring, as well as steps to detect and recoup payments that have been made (including prior-year payments) for Medicare services rendered after the individuals’ dates of death. Accordingly, we evaluated CMS’s policies and procedures as of November 2015 and reviewed payments made for Medicare Parts A and B services provided during calendar years (CYs) 2013, 2014, and 2015 (through October 31, 2015). Previous reviews (Appendix A) have identified Medicare payments for services ostensibly rendered to deceased individuals.

The U.S. Department of Health and Human Services, Office of Inspector General (OIG), must report to Congress within 18 months of April 2015, and periodically thereafter as OIG deems necessary, on the activities that CMS has undertaken to ensure that Medicare claims for services ostensibly rendered to deceased individuals are not paid. This report addresses that mandate.

OBJECTIVE

Our objective was to determine whether CMS’s policies and procedures ensure that payments are not made for Medicare services ostensibly rendered to deceased individuals.

BACKGROUND

Medicare Program

Under the provisions of Title XVIII of the Act, the Medicare program provides health insurance for people aged 65 and over, people with disabilities, and people with permanent kidney disease. CMS administers the program. Medicare Part A provides inpatient hospital insurance benefits and coverage of extended care services for patients after hospital discharge. Medicare Part B provides supplementary medical insurance for medical and other health services, including coverage of hospital outpatient services. CMS contracts with Medicare contractors to, among other things, process and pay claims submitted by health care providers, including hospitals, physicians, and suppliers (providers).

For our audit period (CYs 2013, 2014, and 2015 (through October 31, 2015)), total Medicare Parts A and B payments exceeded $1 trillion. There were a total of 3.5 billion Parts A and B claims for this period.

---

1 MACRA, P.L. No. 114-10 § 502, Social Security Act (the Act) § 1874(f).

2 MACRA, P.L. No. 114-10 § 502(b).
Medicare Payments on Behalf of Deceased Beneficiaries

Federal regulations state that Medicare will not pay for any expenses incurred for items or services that are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member (the Act § 1862(a)(1)(A)). Because medically necessary services cannot be provided after a Medicare beneficiary dies, payments for claims with dates of service after the individual’s death are generally considered improper payments.

Obtaining and Processing Information for Individuals’ Dates of Death

In general, CMS’s data systems obtain Medicare beneficiary date-of-death information from the Social Security Administration (SSA), from the Railroad Retirement Board (RRB), or from institutional claims, which is the term used to denote Medicare claims submitted by inpatient hospitals, skilled nursing facilities, hospices, and home health agencies.

Processing Date-of-Death Information Obtained From the Social Security Administration

CMS relies on date-of-death information in its Enrollment Database (EDB) and its Common Working File (CWF) to identify improper and potentially improper Medicare payments for claims for services, medical equipment, and supplies with dates of service after individuals’ dates of deaths. The EDB contains personal and demographic information on every beneficiary who has ever been enrolled in Medicare. CMS receives daily updates from SSA’s Master Beneficiary Record and from RRB’s Application Express (APPLE) system to update the date-of-death data field on a beneficiary’s record in the EDB.

Once a valid date of death is entered into the EDB, the CWF is updated to reflect this date. The CWF processes all of CMS’s claims and, like the EDB, is updated daily.

Processing Date-of-Death Information Obtained From Institutional Claims

Once the beneficiary’s valid date of death is entered in the CWF from an institutional claim, the EDB is updated to reflect the new information. If information on beneficiary date of death from

---

3 The RRB administers the health and welfare provisions of the Railroad Retirement Act, which provides retirement and survivor benefits for eligible railroad employees, their spouses, widows, and other survivors.

4 RRB’s APPLE system is an online computer system that automates the processing of applications for railroad retirement and survivor benefits.

5 If the Master Beneficiary Record has reported a Medicare beneficiary’s death but only the month of death rather than the specific day of the month on which the beneficiary died, the EDB has an edit to populate the date-of-death data field, by default, with the last day of the beneficiary’s month of death.
an institutional claim is available and it differs from the information that CMS has obtained from SSA, CMS uses the date of death from the institutional claim in the EDB.  

Preventing Improper Payments Using a Prepayment Claim Edit

Once the CWF has a valid date of death for a beneficiary, CMS uses this information to prevent improper payments for any claims submitted for individuals for services ostensibly rendered after that date (prepayment claim edit).

Adjusting Claims and Recouping Improper Payments Using a Postpayment Claim Edit

When a beneficiary’s date-of-death information is loaded into the CWF after the claim has been processed and paid (postpayment claim edit), the CWF generates an informational unsolicited response (IUR) and sends it to the Medicare contractor. The IUR instructs the contractor that the services listed on the claim were after the individual’s date of death and that the claim should therefore be adjusted to recoup any payment(s) that had been made.

HOW WE CONDUCTED 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 payments were not made for Medicare claims with dates of service 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. Because recoupment could involve payments made in prior years, we reviewed Medicare payments for CYs 2013 and 2014 as well as payments for CY 2015 (through October 31, 2015). Our review included 3,456,655,743 Medicare Parts A and B claims, with payments totaling $1,042,478,556,749, that had dates of service in CYs 2013, 2014, and 2015 (through October 31, 2015).

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B contains details of our audit scope and methodology.

---

6 Every institutional claim submitted to the CWF contains a discharge status code, which indicates the beneficiary’s status as of the claim’s last date of service. If an institutional claim’s discharge status code shows that the beneficiary has died, an edit in the CWF enters the claim’s last date of Medicare service as the date of death.

7 An IUR is the mechanism by which CMS notifies Medicare contractors of required changes in the processing of Medicare claims.
FINDINGS

CMS had policies and procedures to ensure that payments were not made for Medicare services ostensibly rendered to deceased individuals. These policies and procedures generally ensured that CMS did not make improper payments when its data systems (including the EDB and the CWF) indicated at the time a claim was processed that the individual had died before the claimed date of service. These policies and procedures also ensured that CMS correctly identified and recouped improper payments for almost all of the cases in which the EDB was updated with date-of-death information after the claims had been processed and paid.

CMS, however, did not identify and recoup all improper payments. Specifically, for our audit period we identified $426,519 in improper payments for 427 Medicare claims and $1,480,913 in potentially improper payments for 1,047 Medicare claims with dates of service that were after the individuals’ dates of death. These improper and potentially improper payments represented 0.0002 percent of the total Parts A and B payments made during this period. In addition, these claims represented only 0.15 percent of the Medicare claims in which the EDB had been updated with date-of-death information after the claims had been processed and paid. With respect to these 1,474 claims, CMS:

- agreed with our analysis that 332 claims with payments totaling $415,069 were improper;
- agreed with our analysis that 95 claims with payments totaling $11,450 were improper and said that it had recouped these payments, and although some of the payments had been recouped during our fieldwork, CMS was not able to determine when all of the payments had been recouped; and
- stated that 1,047 claims with payments totaling $1,480,913 (which we classify as potentially improper payments) were allowable on the basis of date-of-death information in the CWF but acknowledged that the EDB had conflicting date-of-death information.

FEDERAL REQUIREMENTS

No payment will be made under Medicare Part A or Part B for items or services that “… are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member” (the Act § 1862(a)(1)(A)). Because medically necessary items or services cannot be provided after a Medicare beneficiary dies, payments for items or services after the individual’s death are generally not allowable. Accordingly, payments for claims with dates of service after an individual’s death are generally considered improper payments.
CMS’S POLICIES AND PROCEDURES FOR IDENTIFYING CLAIMS WITH DATES OF SERVICE AFTER INDIVIDUALS’ DATES OF DEATH WERE EFFECTIVE IN PREVENTING OR IDENTIFYING AND RECOUPING ALMOST ALL IMPROPER PAYMENTS

CMS had policies and procedures to ensure that payments were not made for Medicare services ostensibly rendered to deceased individuals. These policies and procedures ensured that CMS did not make improper payments when its data systems indicated at the time a claim was processed (prepayment claims edit) that the individual had died before the claimed date of service. Specifically, CMS had procedures that required Medicare contractors to automatically reject any claim that was submitted for payment with a date of service that was after the date of death on record for the beneficiary on the claim.

CMS also had policies and procedures to correctly identify and recoup improper payments for almost all of the cases in which the beneficiary’s date-of-death information was loaded into the CWF after the claim had been processed and paid (postpayment claims edit). In these instances, the CWF generated an IUR and sent it to the Medicare contractor. This IUR instructs the contractor that the services listed on the claim were after the individual’s date of death and that the claim should therefore be adjusted to recoup any payment(s) that had been made. During CYs 2013, 2014, and 2015 (through October 31, 2015), Medicare contractors adjusted 995,765 claims after the CWF generated these IURs.

By performing a data match comparing the date of death in the EDB with claims information in the CMS National Claims History file, we determined that CMS did not identify and recoup as much as $1,480,913 in potentially improper payments for 1,474 Medicare Parts A and B claims whose dates of service were after the individuals’ dates of death.

We provided detailed data on the 1,474 claims to CMS, which forwarded these data to the Medicare contractors for review and analysis. As of July 7, 2016, CMS had made the following initial determinations concerning these claims: 8

- CMS agreed with our analysis that 332 claims with payments totaling $415,069 were improper because the Medicare services that were claimed, processed, and paid had dates of service that were after the individuals’ dates of death.

- CMS agreed with our analysis that 95 claims with payments totaling $11,450 were improper and said that it had recouped these payments; although some of the payments had been recouped during our fieldwork, CMS was not able to determine when all of the payments had been recouped.

---

8 We gave CMS information on 1,547 Medicare Parts A and B claims for review and comment on April 4, 2016, and asked it to review the claims over the next 28 days. CMS provided its initial response on May 27, 2016, and added that it would need additional time to fully review all of the claims that we had provided. CMS gave us its final response on these claims on July 18, 2016. The numbers of claims and the amounts of the associated payments in this final report incorporate the information that CMS conveyed in its July 2016 response.
Finally, CMS stated that 1,047 claims with payments totaling $1,480,913 were allowable; however, CMS acknowledged that the date-of-death information in the CWF conflicted with the date-of-death information in the EDB.

CONCLUSION

During CYs 2013 through 2015 (through October 31, 2015), CMS had policies and procedures, including effective prepayment and postpayment claims edits, to prevent and detect Medicare payments for service dates that were after individuals’ dates of death. On the basis of our review, we identified 1,501 claims for this period in which, according to the EDB, the dates of death preceded the dates of service as reflected on the claims. Thus, more than 99.99 percent of Medicare Part A and Part B claims during this period were correctly processed insofar as the requirements pertaining to Medicare payments on behalf of deceased individuals are concerned. Moreover, CMS effectively used the postpayment edit process to identify and adjust 995,765 claims in which individuals’ dates of death preceded the dates of service on the Medicare claims. By doing so, CMS successfully adjusted 99.85 percent of claims that had been submitted with service dates after the individuals’ dates of death. These findings indicate that CMS’s policies and procedures were effective in ensuring that payments were not made for almost all Medicare claims with dates of service that were after the individuals’ dates of death.

RECOMMENDATIONS

We recommend that CMS:

- direct Medicare contractors to initiate recoupment for $415,069 in improper payments associated with the 332 claims whose dates of service were after the individuals’ dates of death;
- confirm that the $11,450 in improper payments associated with the 95 claims that we identified have been recouped; and
- review the accuracy of the beneficiary dates of death in the CWF and EDB to determine whether any of the $1,480,913 relating to the 1,047 claims with conflicting date-of-death information were improper payments, and if so, direct Medicare contractors to initiate recoupment for the identified amounts.

CMS COMMENTS

In written comments on our draft report, CMS concurred with all of our recommendations and described corrective actions that it had taken or planned to take. CMS also provided technical comments on the draft report as well as additional information updating the status of the Medicare claims for which, at the time of issuance of our draft report, it had not completed its analysis.

CMS’s comments, excluding its technical comments, appear as Appendix C.
OFFICE OF INSPECTOR GENERAL RESPONSE

After reviewing CMS’s comments and the additional information it provided, we modified some of our findings and the associated recommendations for this final report. Specifically, we removed seven claims totaling $89,043 from our draft report’s second recommendation, as CMS provided support that the claims had been recouped before the beginning of our audit. We also removed the third draft report recommendations to which CMS referred in its written comments. We did so because CMS provided documentation supporting that the 20 claims totaling $112,647 (which constituted the entirety of our draft report’s third recommendation) had been properly paid or canceled before the beginning of our audit.
### APPENDIX A: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

<table>
<thead>
<tr>
<th>Report Title</th>
<th>Report Number</th>
<th>Date Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medicare Payments on Behalf of Deceased Beneficiaries in 2011</strong></td>
<td>OEI-04-12-00130</td>
<td>10/30/13</td>
</tr>
<tr>
<td><strong>Review of Medicare Parts A and B Services Billed With Dates of Service After Beneficiaries’ Deaths</strong></td>
<td>A-01-09-00519</td>
<td>9/08/10</td>
</tr>
<tr>
<td><strong>Review of Medicare Payments to Managed Care Plans on Behalf of Deceased Enrollees</strong></td>
<td>A-07-07-01046</td>
<td>3/04/09</td>
</tr>
</tbody>
</table>
APPENDIX B: AUDIT SCOPE AND METHODOLOGY

SCOPE

We evaluated the policies and procedures that CMS had in place as of November 2015 to determine whether they were effective in ensuring that payments were not made for Medicare claims with dates of service 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. Because recoupment could involve payments made in prior years, we reviewed Medicare payments for CYs 2013 and 2014 as well as payments for CY 2015 (through October 31, 2015). Our review included 3,456,655,743 Medicare Parts A and B claims, with payments totaling $1,042,478,556,749, that had dates of service in CYs 2013, 2014, and 2015 (through October 31, 2015).

We limited our review of internal controls to obtaining an understanding of CMS’s process for identifying and recouping improper payments for claims whose dates of service were after the individuals’ dates of death.

We performed our audit work from November 2015 to April 2016.

METHODOLOGY

To accomplish our objective, we performed the following steps:

- We reviewed applicable Federal laws and regulations.
- We held discussions with CMS officials to gain an understanding of CMS’s policies, procedures, and guidance regarding Medicare claim payments, specifically internal controls used to identify claims that involve deceased individuals.
- We held discussions with CMS officials to gain an understanding of how CMS responded to the MACRA.
- We interviewed officials from a Medicare contractor to gain an understanding of the contractor’s responsibilities and procedures for recouping improper payments made on behalf of deceased individuals.
- We used computer matching, data mining, and other data analysis techniques to identify claims in which individuals’ dates of death preceded the dates of service on the Medicare claims. Specifically:
  - We compared date-of-death information in the EDB with claim information in CMS’s National Claims History and initially identified claims with dates of service after the individuals’ dates of death.
We excluded claims that were at lower risk for improper payments.9

We excluded claims that had been previously recouped by comparing the claim status with information in CMS’s Integrated Data Repository.

- We provided detailed data on 1,547 claims with potentially improper Medicare payments to CMS officials on April 4, 2016.

- We evaluated CMS’s review of the 1,547 claims (received on May 27, June 20, June 27, and July 18, 2016) and, on the basis of the new information that CMS provided, removed 73 claims that had been adjusted before the start of our audit.

- We discussed our findings with CMS officials on July 7, 2016.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

---

9 We excluded claims for which the dates of service were less than 30 days after the dates of the individuals’ deaths because previous OIG audit work revealed that many services provided immediately following beneficiaries’ dates of death, such as pathology tests initiated before death but not fully processed until afterward, were allowable.
DATE:          AUG 31 2016

TO:               Daniel R. Levinson
                  Inspector General

FROM:            Andrew M. Slavitt
                  Acting Administrator


The Centers for Medicare & Medicaid Services (CMS) appreciates the opportunity to review and comment on the Office of Inspector General’s (OIG) draft report. CMS is strongly committed to program integrity efforts in Medicare and continuously works to prevent improper payments for services ostensibly rendered to deceased beneficiaries.

CMS has extensive policies and procedures in place to prevent or recoup improper payments for Medicare services ostensibly rendered to deceased beneficiaries. CMS collects date of death information from the Social Security Administration and through certain claims. CMS has edits in place to prevent improper payment of claims with dates of service after verified beneficiary dates of death. When CMS pays a claim before the data systems indicate that a beneficiary was deceased on the dates of service on the claim, CMS has policies and procedures in place to identify and recoup the improper payment.

As OIG notes in its report, CMS’ policies and procedures are effective in preventing and recouping improper payments for Medicare services ostensibly rendered to deceased beneficiaries. OIG examined a period spanning 34 months and found that improper and potentially improper payments on behalf of deceased beneficiaries represented 0.0002 percent of the total Parts A and B payments made during this period.

OIG’s recommendations and CMS’ responses are below.

**OIG Recommendation**
Direct Medicare contractors to initiate recoupment for $415,069 in improper payments associated with the 332 claims whose dates of service were after the individuals' dates of death.

**CMS Response**
CMS concurs with OIG’s recommendation. CMS will work with its Medicare Administrative Contractors to recover improper payments associated with these claims consistent with the agency's policies and procedures.
**OIG Recommendation**
Confirm that the $100,493 in improper payments associated with the 102 claims that we identified have been recouped.

**CMS Response**
CMS concurs with OIG’s recommendation. CMS confirmed recoupment of these improper payments and provided OIG with documentation regarding this effort prior to the issuance of the draft report.

**OIG Recommendation**
Complete its analysis of the 20 claims and, if it agrees with our determination that any or all of the $112,647 in associated payments were improper, direct Medicare contractors to initiate recoupment accordingly.

**CMS Response**
CMS concurs with OIG’s recommendation. CMS’ analysis indicated that these claims were either properly paid or were cancelled prior to the start of OIG’s audit. CMS completed its analysis of these claims and provided documentation to OIG prior to the issuance of the draft report.

**OIG Recommendation**
Review the accuracy of the beneficiary dates of death in the CWF and EDB to determine whether any of the $1,480,913 relating to the 1,047 claims with conflicting date-of-death information were improper payments, and if so, direct Medicare contractors to initiate recoupment for the identified amounts.

**CMS Response**
CMS concurs with OIG’s recommendation. CMS will review the accuracy of these dates and recoup improper payments consistent with the agency's policies and procedures as necessary.

CMS thanks OIG for their efforts on this issue and looks forward to working with OIG on this and other issues in the future.