

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**INVALID PRESCRIBER
IDENTIFIERS ON MEDICARE
PART D DRUG CLAIMS**



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OBJECTIVE

To determine the extent to which invalid prescriber identifiers were used on Part D prescription drug event (PDE) records in 2007.

BACKGROUND

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established Part D to provide an optional prescription drug benefit for all Medicare beneficiaries. The Centers for Medicare & Medicaid Services (CMS) contracts with private companies, called plan sponsors, to administer the benefit through Part D drug plans.

Part D plans must submit an electronic record, called a PDE record, to CMS for each covered prescription filled for their enrollees. CMS requires that most PDE records contain an identifier for the drug's prescriber. Acceptable prescriber identifiers include National Provider Identifiers (NPI), Drug Enforcement Administration (DEA) registration numbers, Unique Physician Identification Numbers (UPIN), and State license numbers.

To determine the extent to which invalid prescriber identifiers were used on Part D claims, we compared prescriber identifiers that appeared on PDE records in 2007 to identifiers enumerated in NPI, DEA number, and UPIN registries. We excluded from our review PDE records that contained prescriber identifiers classified as State license numbers because we did not have access to a national database of State license numbers and these records made up only 1.3 percent of all Part D claims in 2007.

We considered prescriber identifiers to be invalid if they did not appear in any of the three registries. Prescriber identifiers that were deactivated or retired before January 1, 2006, were also considered to be invalid for the purposes of our review.

FINDINGS

\$1.2 billion in Medicare Part D prescription drug claims contained invalid prescriber identifiers in 2007. Part D plans are required to include prescriber identifiers on PDE records they submit to CMS. However, Medicare drug plans and enrollees paid pharmacies \$1.2 billion in 2007 for more than 18 million prescription drug claims that contained 527,749 invalid prescriber identifiers. These identifiers either were not

listed in NPI, DEA number, and UPIN registries or had been deactivated or retired before January 1, 2006. PDE records that contained invalid prescriber identifiers accounted for 2 percent of all PDE records submitted to CMS in 2007.

Identifiers on 17 percent of the drug claims with invalid prescriber identifiers did not conform to format specifications. Each type of prescriber identifier has specific length and format requirements. For 17 percent of the PDE records that contained invalid prescriber identifiers, the identifiers did not conform to length or format specifications. Medicare drug plans and enrollees paid pharmacies \$213 million in 2007 for PDE records with invalid prescriber identifiers that did not follow format specifications.

Ten invalid identifiers accounted for 17 percent of the drug claims with invalid prescriber identifiers. These 10 prescriber identifiers are the same length as a valid DEA number. However, we confirmed with DEA that nine of the identifiers were never valid DEA numbers and the remaining identifier had been retired in 2005. Medicare drug plans and enrollees paid pharmacies \$237 million in 2007 for drug claims that contained these top 10 invalid identifiers. A single invalid identifier accounted for \$105 million of this amount. We also found that 5 of the 10 top invalid identifiers appeared on individual drug claims with payment amounts totaling more than \$10,000 per claim. Finally, a single company that is a large pharmacy benefit manager and mail-order pharmacy accounted for the majority of PDE records that contained one of the top invalid prescriber identifiers.

RECOMMENDATIONS

Prescriber identifiers are valuable Part D program safeguards. These identifiers are the only data on Part D drug claims to indicate that legitimate practitioners have prescribed medications for Medicare enrollees. The success of program integrity efforts may be limited without valid prescriber identifiers on Part D drug claims.

Our evaluation found that \$1.2 billion in Part D drug claims for 2007 contained invalid prescriber identifiers. We conclude that CMS and Part D plans have not instituted adequate procedures to detect invalid prescriber identifiers. CMS and Part D plans do not verify that prescriber identifiers are enumerated in DEA number, NPI, or UPIN registries, nor do they apply claims-processing edits to check prescriber identifiers against known format requirements.

To address these concerns, we recommend that CMS:

Conduct periodic reviews to ensure the validity of prescriber identifiers used on PDE records.

Require Part D plans to institute procedures to (1) identify invalid identifiers in the prescriber identifier field on Part D drug claims and (2) flag for review Part D drug claims that contain invalid identifiers in the prescriber identifier field.

AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

CMS concurred with both of our recommendations. CMS stated that it agrees that invalid prescriber identifiers can hinder program oversight efforts for monitoring prescribing practices, but that invalid prescriber identifiers are not an automatic indication of invalid prescriptions or pharmacy claims. The Office of Inspector General agrees with CMS's assertion that invalid prescriber identifiers do not automatically indicate invalid prescriptions or pharmacy claims. However, CMS's efforts to determine the validity, medical necessity, or appropriateness of Part D prescriptions and drug claims may be limited without valid prescriber identifiers.

CMS emphasized that there have been significant improvements in prescriber identifiers since 2007. CMS stated that the significance of invalid DEA numbers used as prescriber identifiers will decrease drastically as the use of NPIs continues to increase. CMS noted that the top 10 invalid prescriber identifiers listed in our report appeared on 3.2 million PDE records in 2007, but that its own analysis indicates that these invalid identifiers appeared on approximately 451,100 PDE records in the last half of 2009. While the reduction in the use of these invalid identifiers is a program integrity improvement, the fact that invalid identifiers continue to appear on any PDE records indicates that CMS and Part D plans are not ensuring the validity of prescriber identifiers on all Part D drug claims.

Specifically, CMS concurred with our first recommendation and stated that it will implement a process to periodically review and evaluate trends associated with the validity of prescriber identifiers on PDE records to identify potential ongoing issues. CMS will implement this process after it has taken further steps to remind Part D plans and pharmacies of NPI requirements.

E X E C U T I V E S U M M A R Y

CMS concurred with our second recommendation and stated that it will issue guidance instructing Part D plans to implement policies and procedures to identify and review invalid prescriber identifiers on Part D claims.



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OBJECTIVE

To determine the extent to which invalid prescriber identifiers were used on Part D prescription drug event (PDE) records in 2007.

BACKGROUND

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established Part D to provide an optional prescription drug benefit for all Medicare beneficiaries. The Centers for Medicare & Medicaid Services (CMS) contracts with private companies, called plan sponsors, to administer the benefit through Part D drug plans. Plans provide Part D benefits to enrollees and submit drug claims data to CMS for plan payment calculations. Total Part D program expenditures were approximately \$49.5 billion in 2007 and \$49.3 billion in 2008.^{1, 2}

Oversight of the Part D program is one of the top management and performance challenges that currently face the Department of Health & Human Services (HHS).³ Prescriber identifiers on Part D drug claims are valuable program integrity safeguards. The prescriber identifier indicates that a legitimate practitioner has prescribed drugs for a Part D enrollee and enables Part D plans and CMS, as part of postpayment reviews and investigations, to determine who prescribed covered drugs. The success of these program integrity activities may be limited without valid prescriber identifiers on Part D drug claims.

Part D Prescription Drug Claims

Pursuant to sections 1860D-15(c)(1)(C) and (d)(2) of the Social Security Act, as a condition of payment, all Part D plans must submit data and information necessary for CMS to carry out Part D payment provisions. Plans submit an electronic record to CMS for each covered prescription filled for their enrollees. This electronic record, called a PDE record, contains drug cost and payment data fields that enable CMS to make payments to plans and oversee the Part D benefit. In 2007, the PDE record contained 37 required data fields, including drug cost, payment,

¹ 2008 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, March 25, 2008, p. 5. Available online at <http://www.cms.hhs.gov/ReportsTrustFunds/>. Accessed on March 3, 2009.

² 2009 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, May 12, 2009, p. 5. Available online at <http://www.cms.hhs.gov/ReportsTrustFunds/>. Accessed on January 26, 2010.

³ HHS, *FY 2008 Agency Financial Report*, Section III. November 17, 2008, p. III-3. Available online at <http://www.hhs.gov/afr/>. Accessed on October 19, 2009.

enrollee, plan, drug, pharmacy, and prescriber identifier fields. Part D plans submitted almost 1 billion PDE records to CMS in 2007.

Prescriber Identifiers on Prescription Drug Claims

CMS requires that PDE records submitted to plans in standard electronic National Council for Prescription Drug Programs format contain an identifier for the drug's prescriber. According to CMS requirements for submitting PDE data, some of the PDE data fields "... such as pharmacy and prescriber identifiers will be used for validation of the claims as well as for other legislated functions such as quality monitoring, program integrity, and oversight."⁴ In chapter 9, section 50, of the *Medicare Prescription Drug Benefit Manual*, CMS recommends that sponsors prepare and review reports of drug-prescribing patterns by physician to identify potential prescriber fraud. However, according to CMS, it does not have any edits in place to check the data in the prescriber identifier field on PDE records.

The pharmacy that fills an enrollee's prescription enters the prescriber identifier on the drug claim. The prescriber identifier qualifier field on the PDE record contains one of four codes that correspond to the type of identifier entered in the prescriber identifier field. As defined by CMS, the prescriber identifier field on standard format drug claims:

will contain the prescriber's unique identification number. CMS will transition to use of the national provider identifier (NPI) when it is implemented. In the interim, CMS requires use of a DEA [Drug Enforcement Administration] number whenever it uniquely identifies the prescriber and is allowed by state law. In other cases, the prescriber's state license number or Unique [Physician] Identification Number (UPIN#) shall be used.⁵

CMS does not require the prescriber identifier and prescriber identifier qualifier fields to be completed on Part D drug claims submitted to plans in nonstandard format, such as beneficiary-filed claims and paper claims.

National Provider Identifier. The administrative simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), P.L. 104-191, § 262, mandated that the Secretary of HHS adopt a standard

⁴ CMS, *Instructions: Requirements for Submitting Prescription Drug Event Data (PDE)*, April 27, 2006, pp. 5–6.

⁵ CMS, op. cit., p. 13.

unique health identifier for health care providers.⁶ Beginning May 23, 2005, providers were able to start applying for an NPI.⁷ Since May 23, 2008, NPIs have been used to identify health care providers to their health care partners—such as health plans, clearinghouses, and other providers—on all covered electronic health care transactions. The NPI is intended to replace provider identifiers that have traditionally been used in standard health care transactions. CMS discloses certain NPI data to the public on its Web site. These data are available in a query-only database known as the NPI Registry and a downloadable file that is updated monthly.

Some drug prescribers are not covered entities under HIPAA and may choose not to obtain an NPI.⁸ In a May 2008 memorandum to Part D plan sponsors, CMS clarified that prescriber identifiers that are not NPIs may be used on Part D drug claims when a prescriber does not have an NPI or when the pharmacy cannot obtain a prescriber's NPI.⁹ CMS stressed that plans and pharmacies “should make all reasonable efforts to obtain NPIs in the Prescriber ID field,” but that plans are not permitted to establish point-of-sale claims-processing edits that would reject claims without NPIs in the prescriber identifier field. CMS stated in the memorandum that plans “should establish alternative policies and procedures outside of their claims processing that address potential non-compliance with NPI prescriber ID requirements” CMS required Part D sponsors to attest that enrollee access to Part D drugs would not be hindered because of pharmacy claims without prescribers' NPIs after May 23, 2008—the date of full NPI implementation.

Drug Enforcement Administration registration number. A DEA registration number may be used to identify the drug prescriber on a PDE claim. DEA regulations require every individual or entity that handles

⁶ 42 U.S.C. §§ 1320d and 1320d-2.

⁷ CMS, *MLN Matters Number MM4320*, January 1, 2006. Available online at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM4320.pdf>. Accessed on January 26, 2010.

⁸ 69 Fed. Reg. 3445 (Jan. 23, 2004). Covered entities under HIPAA include health plans, health care clearinghouses, and health care providers who transmit health information in electronic form in connection with standard health care transactions. *HIPAA Administrative Simplification: National Plan and Provider Enumeration System Data Dissemination*, 72 Fed. Reg. 30011 (May 30, 2007); 45 CFR § 162.404.

⁹ CMS, *Prescriber Identifier on Part D NCPDP Pharmacy Claims Transactions*, May 1, 2008. Available online at http://www.cms.gov/PrescriptionDrugCovContra/Downloads/MemoNPIPrescriberID_05.01.08v2.pdf. Accessed on September 21, 2009.

controlled substances to be registered with DEA unless it is exempt by regulation.¹⁰ DEA registration grants practitioners Federal authority to handle controlled substances.¹¹ DEA provides a database of active and retired DEA registrants to the National Technical Information Services of the Department of Commerce.

Unique Provider Identification Number. A UPIN may be used to identify a prescriber on a PDE claim. The Consolidated Omnibus Budget Reconciliation Act of 1985 required CMS to establish UPINs for all physicians who provide services to Medicare beneficiaries. In 1994, CMS expanded the use of UPINs to other health care providers, such as nurse practitioners, and to group physician practices. The UPIN Registry contains information on all assigned UPINs. CMS ceased issuing UPINs in June 2007 and retired the UPIN Registry. The data in the UPIN Registry are still available and current as of the final June 2007 update.

State license number. A State license number may also be used in the prescriber identifier field on a PDE claim. Medical licenses are typically granted to physicians and other medical practitioners by the board of medicine in each State. These boards set their own rules and regulate the practice of medicine in their States. Practitioners cannot obtain DEA registration without a State medical license.

We excluded from our review PDE records that contained prescriber identifiers classified as State license numbers because we did not have access to a national database of State license numbers and these records made up only 1.3 percent of all Part D claims in 2007.

Part D Program Oversight and Prescriber Identifiers

CMS contracts with outside entities, known as Medicare Drug Integrity Contractors (MEDIC), to address potential fraud, waste, and abuse related to the Part D benefit. MEDICs are required to identify and investigate potential Part D fraud and abuse and identify Part D program vulnerabilities. MEDICs must submit a quarterly report to CMS describing vulnerabilities identified during the previous quarter. Two MEDICs identified problems with invalid prescriber identifiers on

¹⁰ 21 CFR § 1301.11.

¹¹ Ibid. The Controlled Substances Act defines a practitioner as “a physician, dentist, veterinarian, scientific investigator, pharmacy, hospital, or other person licensed, registered, or otherwise permitted to distribute, dispense, conduct research with respect to, administer, or use in teaching or chemical analysis, a controlled substance in the course of professional practice or research,” 21 U.S.C. § 802(21).

PDE claims in vulnerability reports provided to CMS in 2007 and 2008. In these reports, MEDICs documented concerns about their inability to investigate Part D prescription fraud without valid prescriber identifiers.

Related Office of Inspector General Work

The Office of Inspector General (OIG) has issued a number of reports regarding problems with UPINs used to identify ordering physicians on medical equipment claims, including invalid and inactive UPINs, inappropriate use of surrogate UPINs, and UPINs representing deceased physicians.^{12, 13} OIG found that the lack of edits or other reviews that validate UPINs listed on Medicare durable medical equipment claims presents a vulnerability that has allowed millions of dollars in questionable claims to be paid.¹⁴

In February 2009, OIG issued its most recent report on invalid identifiers, entitled *Medicare Payments in 2007 for Medical Equipment and Supply Claims With Invalid or Inactive Referring Physician Identifiers* (OEI-04-08-00470). OIG reported that Medicare allowed almost \$34 million in 2007 for medical equipment and supply claims with invalid or inactive referring physicians' UPINs, including \$5 million for claims with deceased referring physicians' UPINs. That report also found that Medicare allowed over \$300,000 in 2007 for claims with invalid referring physicians' NPIs. In its recommendations to CMS, OIG noted that while CMS appeared to be implementing system changes to verify that NPIs are submitted in the correct format, it is unclear whether CMS will implement controls to identify invalid or inactive NPIs on Medicare claims.

¹² *Medical Equipment and Supply Claims With Invalid or Inactive Physician Numbers*, OEI-03-01-00110, November 2001; and *Durable Medical Equipment Ordered With Surrogate Physician Identification Numbers*, OEI-03-01-00270, September 2002.

¹³ Under certain conditions, practitioners may use surrogate UPINs when they have not been assigned their own UPINs. Surrogate UPINs are OTH000, PHS000, RES000, RET000, and VAD000.

¹⁴ *Medicare Payments for Claims With Identification Numbers of Dead Doctors: Hearing Before the U.S. Senate Committee on Homeland Security and Governmental Affairs Permanent Subcommittee on Investigations*, 110th Congress, 2008. Statement of Robert Vito, Regional Inspector General for Evaluation and Inspections, OIG, Department of Health & Human Services.

METHODOLOGY

We determined the extent to which invalid prescriber identifiers were used on PDE records in 2007. We excluded certain PDE records from our review, as described below.

Data Collection

We created a file of PDE records from CMS with dates of service from January 1 to December 31, 2007. We excluded the following types of PDE records from our analysis:

- Records that contained a prescriber identifier that was classified as a State license number in the prescriber identifier qualifier field. We did not have access to a single national database of State license numbers. These records made up only 1.3 percent of all Part D claims in 2007.
- Records for noncovered and over-the-counter drugs. We limited our review to PDE records for Part D covered drugs. We also excluded records for over-the-counter drugs because a prescription is not required to obtain them.
- Records submitted in a nonstandard format, such as records for a beneficiary-filed claim or a paper claim. The prescriber identifier is not required on these PDE records.

Definition of valid and invalid prescriber identifiers. To determine whether prescriber identifiers on the remaining PDE claims were valid, we compared them to all of the identifiers enumerated in the three registries listed below.

(1) We accessed an active NPI file from December 2008 on the CMS Web site. We also obtained a file containing deactivated NPIs from CMS.

(2) We accessed a file of active DEA registrants from December 2008 and a file of DEA registration numbers that were retired between January 1, 2006, and December 31, 2008.

(3) We accessed CMS's active and inactive UPIN registries. The data are current as of June 2007.

We considered prescriber identifiers to be valid if they were active at any point during 2007 according to the NPI, DEA number, or UPIN registries. We also considered prescriber identifiers to be valid if they were active at any point during 2006 because these identifiers may have

legitimately appeared on drug claims in 2007 because of prescription refills.

We considered prescriber identifiers to be invalid if they did not appear in any of the three registries. If a prescriber identifier was once active, but was deactivated or retired before January 1, 2006, we considered it to be invalid for purposes of our review.

Data Analysis

We used the codes in the prescriber identifier qualifier field to group invalid prescriber identifiers by type. We determined whether invalid identifiers followed format specifications for NPIs, DEA numbers, and UPINs. For invalid identifiers coded as NPIs, we determined whether the identifiers appeared as 10-digit numbers beginning with a 1, 2, 3, or 4. For invalid identifiers coded as DEA numbers, we determined whether the identifiers were nine digits long; contained two letters followed by seven numbers; and began with A, B, F, or M. In addition, we compared them to a verification formula that DEA uses to detect invalid numbers in positions three through nine. For invalid identifiers coded as UPINs, we determined whether the identifiers were six digits long and contained one letter followed by five numbers.

We summed six payment fields to calculate Part D plan and enrollee payments to pharmacies for PDE records with invalid prescriber identifiers: Patient Pay Amount, Other True Out-Of-Pocket (TrOOP) Amount, Low-Income Cost-Sharing Subsidy Amount, Patient Liability Reduction Due to Other Payer Amount, Covered D Plan Paid Amount, and Noncovered Plan Paid Amount. These payment fields are defined in CMS's *Instructions: Requirements for Submitting Prescription Drug Event Data* and described below.

- The Patient Pay Amount field lists the dollar amount the beneficiary paid that is not reimbursed by a third party (e.g., copayments, coinsurance, deductible, or other patient payment amounts).
- The Other TrOOP Amount field records all qualified third-party payments that contribute to a beneficiary's TrOOP costs, except for amounts in the Low-Income Cost-Sharing Subsidy Amount and Patient Pay Amount fields.
- The Low-Income Cost-Sharing Subsidy Amount field contains Medicare payments to plans that subsidize the cost-sharing

I N T R O D U C T I O N

- The Patient Liability Reduction Due to Other Payer Amount field contains amounts by which patient liability is reduced because of payments by other payers that do not participate in Part D and are not TrOOP eligible.
- The Covered D Plan Paid Amount field contains the net amount the plan paid for standard benefits (covered Part D drugs).
- The Noncovered Plan Paid Amount field contains the net amount paid by the plan for benefits beyond the standard benefit.

We used PDE records containing invalid prescriber identifiers to calculate summary statistics by invalid identifier, including total Part D payments, total number of Part D enrollees, and total number of pharmacies per invalid prescriber identifier.

Limitations

We did not validate the accuracy of the NPI, DEA number, and UPIN registries that we used to verify prescriber identifier values on PDE records. In addition, we did not assess the medical appropriateness of the drug claims submitted with invalid prescriber identifiers.

Standards

This study was conducted in accordance with the *Quality Standards for Inspections* approved by the Council of the Inspectors General on Integrity and Efficiency.

► FINDINGS

\$1.2 billion in Medicare Part D prescription drug claims contained invalid prescriber identifiers in 2007

Part D plans are required to include prescriber identifiers on the PDE records they submit to CMS.¹⁵

Of all PDE records submitted to CMS in 2007, 95 percent were coded as DEA numbers, 3.6 percent were coded as NPIs, and less than one-tenth of 1 percent were coded as UPINs.¹⁶

Our comparison of prescriber identifiers on PDE records for 2007 to NPI, DEA number, and UPIN registry databases reveals that Medicare drug plans and enrollees paid pharmacies \$1.2 billion in 2007 for more than 18 million prescription drug claims that contained 527,749 invalid prescriber identifiers. These identifiers are invalid either because they were not listed in the NPI, DEA number, and UPIN registries we reviewed or because they had been deactivated or retired before January 1, 2006. PDE records that contained invalid prescriber identifiers accounted for 2 percent of all PDE records submitted to CMS in 2007.

Table 1: Part D PDE Records With Invalid Prescriber Identifiers by Identifier Type, 2007

Prescriber Identifier Type ¹	Number of PDE Records With Invalid Identifiers	Percentage of All PDE Records With Invalid Identifiers	Payments for PDE Records With Invalid Identifiers
DEA number	18,053,408	98.24%	\$1,223,363,037
NPI	309,485	1.68%	\$23,429,844
UPIN	13,445	0.07%	\$880,294
Total	18,376,338	100%	\$1,247,673,175

¹The type of prescriber identifier on PDE records was determined using the codes in the prescriber identifier qualifier field.

Source: OIG analysis of CMS's 2007 PDE records.

As shown in Table 1, 98 percent of PDE records that contained invalid prescriber identifiers were coded as DEA numbers according to the prescriber identifier qualifier field. This field contains one of four numeric codes that correspond to the type of identifier reported in the prescriber identifier field. Only 1.7 percent of PDE records with invalid

¹⁵ CMS does not require prescriber identifiers to be reported on Part D claims submitted to plans in nonstandard format (e.g., beneficiary-filed claims and paper claims).

¹⁶ Another 1.3 percent of PDE records submitted to CMS in 2007 contained prescriber identifiers coded as State license numbers. We excluded these PDE records from our review.

prescriber identifiers were coded as NPIs. Less than one-tenth of 1 percent of records with invalid prescriber identifiers were coded as UPINs.

Identifiers on 17 percent of the drug claims with invalid prescriber identifiers did not conform to format specifications

Each type of prescriber identifier has specific length and format requirements. For 17 percent of the PDE records

that contained invalid prescriber identifiers, the identifiers did not conform to length or format specifications. These PDE records represented \$213 million in payments by Medicare drug plans and enrollees in 2007.

Identifiers did not meet format specifications on 17 percent of PDE records with invalid DEA numbers

DEA numbers are nine-character identifiers containing two letters that begin with A, B, F, or M followed by seven numbers. We found that 17 percent of PDE records with invalid prescriber identifiers coded as DEA numbers contained identifiers that did not conform to format specifications. For 55 percent of these PDE records, the identifiers were shorter or longer than nine characters. For the remaining PDE records, invalid identifiers were the correct length but contained inappropriate letters, numbers, punctuation marks, or keyboard symbols in one or more of the nine positions. One invalid prescriber identifier coded as a DEA number that did not meet format specifications was a string of nine zeros (000000000). This single invalid identifier accounted for almost 40,000 PDE records worth \$3.7 million in 2007.

Identifiers did not conform to format specifications on 88 percent of PDE records with invalid NPIs

NPIs are 10-digit numbers beginning with a 1, 2, 3 or 4. We found that 88 percent of PDE records with invalid identifiers coded as NPIs contained identifiers that did not follow the correct format. For 83 percent of these PDE records, the invalid identifiers contained more or fewer than 10 digits. For example, a 6-digit identifier, A00000, was coded as an NPI and appeared on 2,188 PDE records. For the majority of the remaining records, invalid identifiers were the correct length, but contained a character other than 1, 2, 3, or 4 in the first position. Typically, these invalid identifiers began with a zero. While positions 2 through 10 of a valid NPI should contain only numbers, we observed

invalid NPIs that contained letters, punctuation marks, and keyboard symbols in these positions.

Identifiers did not meet format specifications on 91 percent of PDE records with invalid UPINs

UPINs are six-character identifiers starting with one letter followed by five numbers or surrogate UPINs.¹⁷ We found that 91 percent of PDE records with invalid prescriber identifiers coded as UPINs contained identifiers that did not appear in the correct format. For 66 percent of these PDE records, the invalid identifiers were longer or shorter than six characters. For the remaining records, the identifiers were the correct length, but often contained numbers or symbols in the first position and letters in the second and third positions.

Ten invalid identifiers accounted for 17 percent of the drug claims with invalid prescriber identifiers

In 2007, 527,749 different invalid prescriber identifiers were used on PDE records. However, 10 of these invalid

identifiers accounted for 17 percent of all PDE records with invalid prescriber identifiers in 2007. Medicare drug plans and enrollees paid pharmacies \$237 million in 2007 for drug claims that contained these 10 invalid identifiers.

Although these invalid identifiers are the same length as a valid DEA number, the identifiers are suspect because they contain inappropriate letters and repeating or sequential number strings. We compared these 10 identifiers to a verification formula that DEA uses to detect invalid numbers in positions three through nine. We found that the numbers in the identifiers meet the requirements of this formula. However, we confirmed with DEA that nine of these identifiers were never valid DEA numbers and that the remaining identifier had been retired in 2005. Table 2 displays the number of PDE records and the amount of plan and enrollee payments in 2007 associated with each of the top 10 invalid identifiers.

¹⁷ Eight percent of PDE records with invalid UPINs as prescriber identifiers contained surrogate UPINs. We did not compare surrogate UPINs to UPIN format specifications.

F I N D I N G S

Table 2: PDE Records and Payments for Top 10 Invalid Prescriber Identifiers in 2007		
Invalid Prescriber Identifier	Number of PDE Records for Invalid Identifier	Plan and Enrollee Payments for Invalid Identifier
AA0000000	1,754,892	\$104,670,821
AB1111119	429,049	\$47,664,819
ZZ4567890	194,080	\$31,242,291
AB1234563	160,923	\$10,283,875
AA1111119	121,383	\$7,980,938
AB5555555	106,282	\$9,413,610
CC1462667	103,329	\$6,949,677
AS1111119	101,584	\$6,943,650
AS1234563	94,104	\$6,373,417
AM1111119	86,241	\$5,642,300
Total	3,151,867	\$237,165,398
Percentage of all records and payments with invalid identifiers	17.15%	19.01%

Source: OIG analysis of CMS's 2007 PDE records.

A single invalid prescriber identifier, AA0000000, was recorded on almost 1.8 million PDE records in 2007 for 151,269 beneficiaries enrolled with 248 different Part D plan sponsors. In other words, 10 percent of all PDE records with invalid prescriber identifiers in 2007 contained this one invalid identifier. Part D plans and Medicare enrollees paid pharmacies almost \$105 million for these PDEs.

Top invalid identifiers were used on prescription drug claims worth more than \$10,000 each

We found that 5 of the 10 top invalid identifiers listed in Table 2 were used on claims for very expensive prescription drugs in 2007. These invalid identifiers appeared on individual PDE records with payment amounts totaling more than \$10,000 each. Payment amounts ranged from \$10,057 to \$17,998 for a single claim. The top invalid prescriber identifier, AA0000000, appeared on 15 drug claims worth more than \$10,000 each. The invalid identifier ranked second in Table 2, AB1111119, was used on five individual drug claims worth more than \$11,000 each. The invalid prescriber identifier ranked third in Table 2, ZZ4567890, was used on 10 claims worth more than \$10,000 each.

F I N D I N G S

One large company accounted for the majority of PDE records that contained a top invalid prescriber identifier

Nine of the ten top invalid prescriber identifiers displayed in Table 2 were used on Part D drug claims submitted by thousands of individual pharmacies in 2007. However, the remaining invalid identifier, ZZ4567890, was used on drug claims that were submitted using 37 different pharmacy provider numbers. In 2007, over 99 percent of the PDE records that contained the ZZ4567890 prescriber identifier were submitted by a single company under multiple provider numbers that reflect a number of the company's locations across the country. This company is a large pharmacy benefit manager and mail-order pharmacy.



R E C O M M E N D A T I O N S

Prescriber identifiers are valuable Part D program safeguards. These identifiers are the only data on Part D drug claims used to indicate that legitimate practitioners have prescribed medications for Medicare enrollees. The success of prepayment and postpayment reviews and fraud investigations may be limited without valid prescriber identifiers on Part D drug claims.

Based on a review of PDE records submitted to CMS in 2007, our evaluation found that \$1.2 billion in Part D drug claims contained invalid prescriber identifiers. We did not, however, assess the medical appropriateness of the drug claims submitted with these invalid prescriber identifiers.

We conclude that CMS and Part D plans have not instituted adequate procedures to detect invalid prescriber identifiers. CMS and plans do not verify that prescriber identifiers are enumerated in NPI, DEA number, or UPIN registries, nor do they apply claims-processing edits to check prescriber identifiers against known format requirements.

To address these concerns, we recommend that CMS:

Conduct periodic reviews to ensure the validity of prescriber identifiers used on PDE records.

Require Part D plans to institute procedures to (1) identify invalid identifiers in the prescriber identifier field on Part D drug claims and (2) flag for review Part D drug claims that contain invalid identifiers in the prescriber identifier field.

AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

CMS concurred with both of our recommendations. CMS stated that it agrees that invalid prescriber identifiers can hinder program oversight efforts for monitoring prescribing practices, but that invalid prescriber identifiers are not an automatic indication of invalid prescriptions or pharmacy claims. OIG agrees with CMS's assertion that invalid prescriber identifiers do not automatically indicate invalid prescriptions or pharmacy claims. However, CMS's efforts to determine the validity, medical necessity, or appropriateness of Part D prescriptions and drug claims may be limited without valid prescriber identifiers.

R E C O M M E N D A T I O N S

CMS emphasized that there have been significant improvements in prescriber identifiers since 2007. CMS stated that the majority of prescriber identifiers on 2009 PDE records were NPIs, since NPIs became the standard identifier on electronic health care transactions in May 2008. CMS stated that the significance of invalid DEA numbers used as prescriber identifiers will decrease drastically as the use of NPIs continues to increase. CMS noted that the top 10 invalid prescriber identifiers listed in our report appeared on 3.2 million PDE records in 2007, but that its own analysis indicates that these invalid identifiers appeared on approximately 451,100 PDE records in the last half of 2009. While the reduction in the use of these invalid identifiers is a program integrity improvement, the fact that invalid identifiers continue to appear on any PDE records indicates that CMS and Part D plans are not ensuring the validity of prescriber identifiers on all Part D drug claims.

Specifically, CMS concurred with our first recommendation and stated that it will implement a process to periodically review and evaluate trends associated with the validity of prescriber identifiers on PDE records to identify potential ongoing issues. CMS stated that it will implement this process after it has taken further steps to remind Part D plans and pharmacies of NPI requirements.

CMS concurred with our second recommendation and stated that it will issue guidance instructing Part D plans to implement policies and procedures to identify and review invalid prescriber identifiers on Part D claims. The guidance will include a reminder that CMS expects plans to have procedures in place outside of their claims processing to address potential noncompliance with NPI prescriber ID requirements. CMS stated that “Part D sponsors and CMS [must] strike a balance between ensuring valid prescriber identifiers on all Part D claims and ensuring beneficiary access to legitimate, medically necessary Part D prescriptions.” CMS stated that it will continue to instruct Part D sponsors not to implement point-of-sale edits to reject Part D claims with “invalid” prescriber identifiers because of the significant potential to interrupt medically necessary drug therapies.

The full text of CMS’s comments is provided in Appendix A.

▶ A P P E N D I X ~ A

Agency Comments



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Administrator
Washington, DC 20201

DATE: APR - 5 2010

TO: Daniel R. Levinson
Inspector General

FROM: Charlene Frizzera */SI/*
Acting Administrator

SUBJECT: Office of Inspector General (OIG) Draft Report: "Invalid Prescriber Identifiers on Medicare Part D Drug Claims" (OEI-03-09-00140)

Thank you for the opportunity to review and comment on this OIG draft report to determine the extent to which invalid prescriber identifiers were used on Part D prescription drug event (PDE) records in 2007. The Centers for Medicare & Medicaid Services (CMS) understands that prescriber identifiers on PDE records can provide valuable information for program oversight and, therefore, acknowledges the importance of collecting valid prescriber identifiers.

The CMS concurs with the report recommendations. We would like to provide some clarification about payments of \$1.2 billion you identified were made for invalid claims. The prescriber identifier is only 1 of 37 data elements that CMS collected on each PDE in 2007 is not generally indicative of invalid prescriptions. Instead, it often reflects that the pharmacy did not have access to the prescriber's DEA number when filling prescriptions for non-controlled substances. So while CMS agrees that invalid prescriber identifiers can hinder program oversight efforts for monitoring prescribing practices of specific prescribers, this is not an automatic indication for invalid prescriptions or pharmacy claims.

In addition, CMS wishes to emphasize that there have been significant improvements in prescriber identifiers since 2007. As mentioned in the report, the national provider identifier (NPI) became the standard identifier on electronic health care transactions as of May 23, 2008. As a result of that change, the majority of prescriber identifiers reported on 2009 PDEs were NPIs, compared to the use of DEA numbers in 2007. As the percentage of prescriber NPIs continues to increase, the significance of invalid prescriber DEA numbers will decrease drastically. For example, while the OIG "Top 10 Invalid Prescriber Identifiers" (all DEA numbers) accounted for approximately 3.2 million PDEs in 2007, an ad hoc CMS analysis showed only approximately 451,100 instances of those same DEA numbers (or .08 percent of all PDE records) in the last 6 months of 2009. Moreover, unlike invalid prescriber DEA numbers, the OIG report did not identify default prescriber NPIs as a source of invalid prescriber identifiers. Accordingly, CMS will take this into account when considering future actions or guidance.

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OIG Recommendation

The OIG recommends that CMS conduct periodic reviews to ensure the validity of prescriber identifiers used on PDE records.

CMS Response

The CMS concurs with this recommendation. CMS will implement a process to periodically review and evaluate the trends associated with the validity of prescriber identifiers on PDE records to identify potential ongoing issues. We will implement this review process after we have taken further steps to remind Part D plans and their pharmacies of the requirement to provide prescriber NPIs on pharmacy claims except in those rare situations when the prescriber does not have an NPI or the pharmacy is unable to obtain the prescriber's NPI.

OIG Recommendation

The OIG recommends that CMS require Part D plans to institute procedures to: 1) identify invalid identifiers in the prescriber identifier field on Part D drug claims and 2) flag for review Part D drug claims that contain invalid identifiers in the prescriber identifier field.

CMS Response

The CMS concurs with this recommendation. CMS will issue guidance instructing Part D plans to implement policies and procedures to identify and review invalid prescriber identifiers received on Part D drug claims, which will include a reminder that CMS expects them to have procedures in place outside of their claims processing to address potential non-compliance with NPI prescriber ID requirements on the National Council for Prescription Drug Programs' (NCPDP) pharmacy claims transactions. However, CMS must caution that Part D sponsors and CMS strike a balance between ensuring valid prescriber identifiers on all Part D claims and ensuring beneficiary access to legitimate, medically necessary Part D prescriptions. Therefore, consistent with our May 1, 2008, guidance on "Prescriber Identifier on Part D NCPDP Pharmacy Claims Transactions," CMS will continue to instruct Part D sponsors not to simply implement point-of-sale edits to reject all Part D claims with "invalid" prescriber identifiers because of the significant potential to interrupt medically necessary drug therapies.

We appreciate the effort that went into this report. Again, we thank you for the opportunity to review and comment.



A C K N O W L E D G M E N T S

This report was prepared under the direction of Robert A. Vito, Regional Inspector General for Evaluation and Inspections in the Philadelphia regional office, and Linda M. Ragone, Deputy Regional Inspector General.

Amy Sernyak served as the team leader for this study. Other principal Office of Evaluation and Inspections staff from the Philadelphia regional office who contributed to the report include Emily Multari; central office staff who contributed include Eddie Baker, Jr., David Graf, and Rita Wurm. We also would like to acknowledge the assistance of Jeffrey Cohen and Amanda Fleck from the Office of Inspector General's Office of Audit Services.

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