



# Updates from OFM Part C & D Improper Payment Activities

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# Agenda

- Payment Accuracy and Reporting
- Improper Payment Measurement for Medicare Part C
- Improper Payment Measurement for Medicare Part D
- Looking Ahead



# Payment Accuracy and Reporting

- The Office of Financial Management (OFM), Payment Accuracy and Reporting Group (PARG) measures and reports improper payments for CMS programs
  - Comprehensive Error Rate Testing (CERT) Program: Medicare Fee-for-Service (FFS)
  - Payment Error Rate Measurement Program (PERM): Medicaid Program and Children's Health Insurance Program (CHIP)
  - Exchange Improper Payment Measurement Program (EIPM): Federally Facilitated Exchange and State Based Exchanges - under development
  - Medicare Part C and Medicare Part D Improper Payment Measures



# Payment Accuracy and Reporting (cont.)

- Improper Payment Measurement for Medicare Part C and Medicare Part D transitioned to OFM this year
  - Previously conducted by the Center for Medicare (CM), Medicare Plan Payment Group (MPPG)
  - Transition occurred from May 15, 2019 – August 30, 2019
- PARG is now responsible for all of the CMS improper payment measures
  - Allows for consistency and efficiencies across all measures



# Improper Payments Statutory Requirements & Implementing Guidance

- Statutory Requirements
  - Improper Payments Information Act (IPIA) of 2002, as amended by:
    - Improper Payment Elimination and Recovery Act (IPERA) of 2010, and
    - Improper Payment Elimination and Recovery Improvement Act (IPERIA) of 2012
  - Implementing Guidance
    - OMB A-123, Appendix C



# Improper Payments Statutory Requirements & Implementing Guidance (cont.)

- Requires federal agencies to annually review programs they administer in order to reduce and recover improper payments
- Each agency must:
  - Identify programs that may be susceptible to significant improper payments
  - Estimate the amount of improper payments in those programs
  - Report the estimates to Congress and the public
  - Describe the actions the agency is taking to reduce improper payments in those programs





# What is an Improper Payment?

- Payments that should not have been made or payments made in an incorrect amount
  - Both overpayments & underpayments are considered improper payments
    - Payments to an ineligible recipient
    - Payments for an ineligible service
    - Duplicate payments
    - Payments for services not received
    - Payments for an incorrect amount
- While all payments stemming from fraud are considered improper payments, not all improper payments constitute fraud



# Medicare Part C Improper Payment Measurement

- The Part C Improper Payment Measure determines errors in clinical diagnosis data submitted by MA organizations to CMS for risk adjusted payments
- Sample size: 930 beneficiaries
  - Based on risk score – three strata
    - High, medium, and low



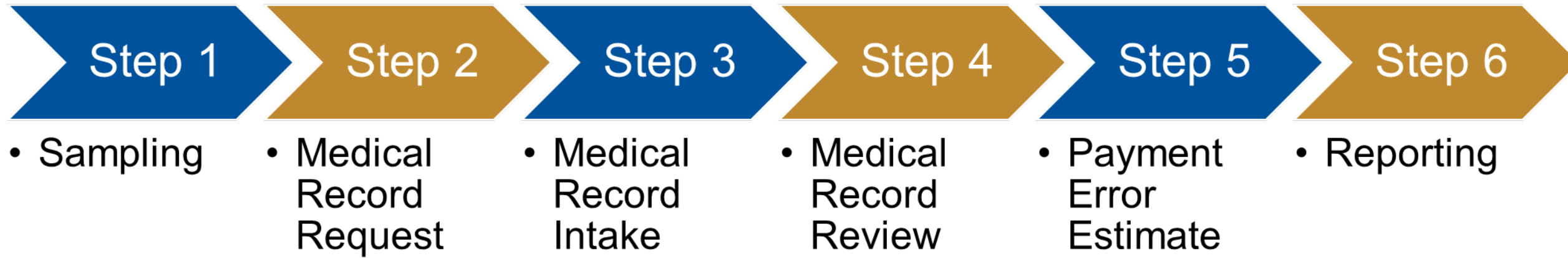


# Medicare Part C Improper Payment Measurement (cont.)

- CMS requests medical records for the sample
  - Records are reviewed by ICD 10 coders
  - Payments are recalculated based on results
    - What was paid – what should have been paid
- Difference is extrapolated to the MA population to measure program wide improper payments



# Part C Improper Payment Measurement Process





# Historical Part C Improper Payment Measurement Information

Reporting Year	Measurement Year	Rate	Dollars in Error
FY 2013	CY 2011	9.50%	\$ 11,766,860,311
FY 2014	CY 2012	9.00%	\$ 12,228,977,658
FY 2015	CY 2013	9.50%	\$ 14,116,999,223
FY 2016	CY 2014	9.99%	\$ 16,182,658,039
FY 2017	CY 2015	8.31%	\$ 14,351,714,140
FY 2018	CY 2016	8.10%	\$ 15,554,314,137



# Medicare Part D Improper Payment Measurement

- The Part D improper rate measures errors in Prescription Drug Event (PDE) data
  - Errors in PDE data result in adjustments to beneficiaries' benefit phases and reinsurance subsidy payments
- Sample size: 4500 PDES
- To support payment, sponsors submit Prescription Record Hardcopy and a Claim Detail File (CDF)



# Medicare Part D Improper Payment Measurement (cont.)

- Prescriptions and the Claims Detail file are compared to the PDE
  - Pharmacists participate in review
- Discrepancies between the PDE and the supporting documentation are the basis of the improper payment calculation
  - Gross Drug Cost (GDC) error is measured
- Program level improper payment estimate is derived through a simulation



# Part D Improper Payment Measurement Process

Step 1

Sampling

Step 2

Plan Sponsor Notification and Request for Documentation

Step 3

PDE Review: Preliminary Checks and Extraction of Data Elements

Step 4

PDE Review: Comparison to PDE Values

Step 5

Payment Error Estimate

Step 6

Reporting





# Historical Part D Improper Payment Measurement Information

Reporting Year	Measurement Year	Rate	Dollars in Error
FY 2013*	CY 2011	3.67%	\$ 2,091,483,779
FY 2014*	CY 2012	3.30%	\$ 1,930,890,314
FY 2015*	CY 2013	3.60%	\$ 2,234,250,833
FY 2016	CY 2014	3.41%	\$ 2,393,937,861
FY 2017	CY 2015	1.67%	\$ 1,295,596,092
FY 2018	CY 2016	1.66%	\$ 1,318,920,379

\*Part D measure consisted of 4 separate components. Starting in FY 2106, the measure is based on Prescription Drug Review only.



# Looking Ahead

- Preliminary timeline for both measures will “go live” by early 2020
  - Training teleconference and identification of sampled enrollees/PDEs
  - Notification letter and request to identify plan contacts about one month prior
- Supporting documentation submission for both measures will continue through the Health Plan Management System (HPMS)



# Looking Ahead (cont.)

- Changes for this year
  - Training support will be provided by the review contractors for each measure, RELI for Part C and Booz Allen Hamilton for Part D, instead of a separate contractor
  - Part C: One medical record review contractor
    - Coding reviews reduced from four to two



# Looking Ahead – Modernizing Both Measures

- OFM is embarking on a multi-year project to review the current measures
- Plan to look at all aspects including sampling, review process, improper payment calculation
- Review whether measures are capturing all sources of error and reflective of CMS payment policy
- Create efficiency and synergy with other measures



# Questions?

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