

# GAO Highlights

Highlights of [GAO-14-474](#), a report to congressional requesters

## Why GAO Did This Study

Several types of Medicare contractors conduct postpayment claims reviews to help reduce improper payments. Questions have been raised about their effectiveness and efficiency, and the burden on providers. GAO was asked to assess aspects of the claims review process.

Building on GAO's July 2013 report on postpayment claims review requirements, this report examines, among other things, the extent to which CMS has (1) data to assess whether contractors conduct duplicative postpayment claims reviews, (2) requirements for contractor correspondence with providers to help ensure effective communication, and (3) strategies for coordination of claims review activities. GAO reviewed CMS's requirements for claims reviews; interviewed CMS officials, selected contractors, and provider associations; analyzed CMS data; assessed a nongeneralizable sample of 114 pieces of contractor correspondence for compliance with requirements; and assessed CMS's requirements and oversight against federal internal control standards and other guidance.

## What GAO Recommends

GAO recommends that CMS take actions to improve the efficiency and effectiveness of contractors' postpayment review efforts, which include providing additional oversight and guidance regarding data, duplicative reviews, and contractor correspondence. In its comments, the Department of Health and Human Services concurred with the recommendations and noted plans to improve CMS oversight and guidance.

View [GAO-14-474](#). For more information, contact Kathleen M. King at (202) 512-7114 or [kingk@gao.gov](mailto:kingk@gao.gov).

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## MEDICARE PROGRAM INTEGRITY

### Increased Oversight and Guidance Could Improve Effectiveness and Efficiency of Postpayment Claims Reviews

#### What GAO Found

The Centers for Medicare & Medicaid Services (CMS) within the Department of Health and Human Services (HHS) has taken steps to prevent its contractors from conducting certain duplicative postpayment claims reviews—reviews of the same claims that are not permitted by the agency—but CMS neither has reliable data nor provides sufficient oversight and guidance to measure and fully prevent duplication. The four types of contractors GAO reviewed that examine providers' documentation to determine whether Medicare's payment was proper included

- Medicare Administrative Contractors (MAC), which process and pay claims;
- Zone Program Integrity Contractors (ZPIC), which investigate potential fraud;
- Recovery Auditors (RA), tasked with identifying on a postpayment basis improper payments not previously reviewed by other contractors; and
- the Comprehensive Error Rate Testing (CERT) contractor, which reviews claims used to annually estimate Medicare's improper payment rate.

CMS implemented a database to track RA activities, designed in part to prevent RAs, which conducted most of the postpayment reviews, from duplicating other contractors' reviews. However, the database was not designed to provide information on all possible duplication, and its data are not reliable because other postpayment contractors did not consistently enter information about their reviews. CMS has not provided sufficient oversight of these data or issued complete guidance to contractors on avoiding duplicative claims reviews.

CMS requires its contractors to include certain content in postpayment review correspondence with providers, but some requirements vary across contractor types and are not always clear, and contractors vary in their compliance with their requirements. These factors can lead to providers receiving less information about the reviews and thus decrease effective communication with them. In addition, the extent of CMS's oversight of correspondence varies across contractors, which decreases assurance that contractors comply consistently with requirements. In the correspondence reviewed, GAO found high compliance rates for some requirements, such as citing the issues leading to an overpayment, but low compliance rates for requirements about communicating providers' rights, which could affect providers' ability to exercise their rights.

CMS has strategies to coordinate internally among relevant offices regarding requirements for contractors' claims review activities. The agency also has strategies to facilitate coordination among contractors, such as requiring joint operating agreements between contractors operating in the same geographic area. However, these strategies have not led to consistent requirements across contractor types or full coordination between ZPICs and RAs. GAO previously recommended that CMS increase the consistency of its requirements, where appropriate, and the HHS Office of Inspector General has recommended steps to improve coordination between ZPICs and RAs.