GAO Highlights

Highlights of GAO-17-42, a report to the Ranking Member, Special Committee on Aging, U.S. Senate

November 2016

MEDICARE

Initial Results of Revised Process to Screen Providers and Suppliers, and Need for Objectives and Performance Measures

Why GAO Did This Study

An effective provider and supplier enrollment process is a cornerstone of ensuring Medicare program integrity and limiting improper payments. The Patient Protection and Affordable Care Act contained provisions designed to strengthen CMS's enrollment screening process. In response, CMS implemented a revised screening process on March 25, 2011, that assigned all providers and suppliers to one of three risk categories—limited, moderate, or high—and based screening on the level of potential risk of fraud, waste, and abuse they present. The process is used to screen prospective, and revalidate enrolled, providers and suppliers. In September 2011, CMS began its first large scale revalidation effort to verify all enrolled providers' and suppliers' information and determine whether they remain eligible to bill Medicare. As of March 2016, it had begun its second large scale revalidation effort.

GAO was asked to examine the revised enrollment screening process. GAO examined 1) the results of the 2011 revised screening process, 2) CMS's implemented or planned modifications to the process, and 3) CMS's monitoring of the revised process. GAO examined enrollment data from March 25, 2011, through December 31, 2015, reviewed CMS policies and procedures, and interviewed CMS and Medicare contractor officials.

What GAO Recommends

To improve the revised screening process, CMS should establish objectives and performance measures for assessing progress toward achieving its goals.

View GAO-17-42. For more information, contact Kathleen M. King at (202) 512-7114 or kingk@gao.gov.

What GAO Found

GAO's analysis of the Centers for Medicare & Medicaid Services' (CMS) Medicare enrollment data found that CMS used its revised enrollment screening process to screen and revalidate over 2.4 million unique new applications and existing enrollment records. GAO's analysis showed that the screening resulted in over 23,000 new applications being denied or rejected and over 703,000 existing enrollment records being deactivated or revoked. CMS estimates the revised process avoided $2.4 billion in Medicare payments to ineligible providers and suppliers from March 2011 to May 2015 and resulted in other benefits, such as more accurate provider and supplier enrollment data. In June 2015, GAO reported some inaccuracies in the enrollment data after the revised process took effect, such as potentially ineligible practice location addresses, which CMS has taken action to address.

Since 2011, CMS has implemented some modifications to the revised screening process and made operational modifications to its revalidation efforts. For example, CMS eliminated automatic approvals of provider and supplier requests to extend the deadline for submitting enrollment information for revalidation. CMS officials stated that they plan to implement further modifications, but have not yet identified these future modifications. CMS officials said that they are waiting to see the results of the previous modifications before modifying the enrollment process further.

CMS has set goals and conducted monitoring of the enrollment screening process, but those monitoring activities lack objectives and performance measures for assessing progress toward those goals. CMS officials said they want to assess the screening process but they are uncertain of what objectives and performance measures to establish, in part because they are concerned that some measures would be inappropriate. While there may be challenges in developing objectives and performance measures, there are opportunities to do so that would allow CMS to better monitor the enrollment screening process without setting specific targets that could create inappropriate incentives for contractors. For example, CMS could focus on developing objectives and performance measures related to its goals for enrollment screening, such as keeping enrollment information up to date. Federal internal control standards and leading practices specify defining objectives and establishing performance measures so that an agency can monitor progress toward achieving desired goals. Without objectives and performance measures to use in ongoing monitoring, CMS will be unable to measure the progress it has made toward achieving its goals.

In commenting on this report, the Department of Health and Human Services agreed with GAO's recommendation.