



# Comprehensive Error Rate Testing (CERT) Program

[www.cms.gov/CERT](http://www.cms.gov/CERT)

# Improper Payment Measurement Requirements: Improper Payment Elimination and Recovery Act (IPERA)

- ▶ Amended the Improper Payments Information Act of 2002
  - Signed by the President on July 20, 2010
- ▶ Designed to improve agency efforts to reduce and recover improper payments
  - **Identification and Estimation of Improper Payments.**
    - Assess programs for risk of making improper payments
    - Estimate and report improper payment amounts annually, for programs at risk
    - Take corrective actions to reduce improper payments
      - Over time, IPERA lowers the threshold for determining a program is susceptible to improper payments.
    - Defines “improper payment” as:
      - payments that should not have been made, or payments made in an incorrect amount (including overpayments and underpayments)
      - payment to an ineligible recipient,
      - payment for an ineligible service,
      - any duplicate payment,
      - payment for services not received,
      - payments for an incorrect amount.

# Improper Payment Measurement Requirements: Improper Payment Elimination and Recovery Act (IPERA)

- **Payment Recapture Audits.**
  - expands the types of programs that are required to conduct payment recovery audits
    - (from contracts to all types of programs and activities, including grants, benefits, loans, and contract payments)
  - lowers the threshold for programs and activities that must conduct these reviews if cost-effective (from \$500 million to \$1 million in annual outlays).
- **Use of Recovered Improper Payments.**
  - Authorizes agency heads to use recovered funds for additional uses than currently allowed, including to improve their financial management, to support the agency's Office of Inspector General, and for the original intent of the funding.
- **Compliance and Non-Compliance Requirements.**
  - Defines actions that agencies must take to be in compliance with IPERA
  - The agency Inspector General is responsible for determining whether the agency is in compliance with the law.
  - If the agency is found not to be in compliance, IPERA contains a series of actions that the agency must take to improve its error reduction efforts.

# Improper Payment Measurement Requirements

## Executive Order 13520 – Reducing Improper Payments (November 20, 2009)

- Aimed at further intensifying efforts to eliminate payment error, waste, fraud, and abuse in federal programs while continuing to ensure that the right people receive the right payment for the right reason at the right time
- Adopts a comprehensive set of policies that include:
  - Transparency and public scrutiny of significant payment errors
  - Focus on identifying and eliminating the highest improper payments
  - Agency accountability for reducing improper payments
  - Coordinated federal, state, and local government action in identifying and eliminating improper payments
- Added new requirements for:
  - Supplemental measurement of high risk areas
  - Reporting on treasury payment accuracy website
  - Reporting comprehensive improper payment measurement and reduction activities to OIG
  - Reporting on high dollar overpayments and outstanding debts

# Background: Office of Inspector General (OIG) Error Rate Measurement

- ▶ 1996-2002:
  - OIG drew a sample of claims
  - OIG asked the Durable Medical Equipment Regional Carriers (DMERC), Carriers, Fiscal Intermediaries (FI), and Quality Improvement Organizations (QIO) to review the claims against all coverage, coding and payment rules.
  
- ▶ OIG calculated a single National Claims Payment Error Rate

# CMS Error Rate Calculations

- ▶ CMS took over error rate calculations from the OIG
  - Transition began in 2001
  - CMS's first reported an error rate in November of 2003
- ▶ CMS increased the sample size from 6000 to 160,000 claims per year (~ 200 claims per contractor per month)
  - As the number of contractors decrease under Contracting Reform, the overall sample decreases
- ▶ Multiple error rates computed:
  - Nationally
  - By Contractor
  - By Service
  - By Provider Type

# The CERT Process

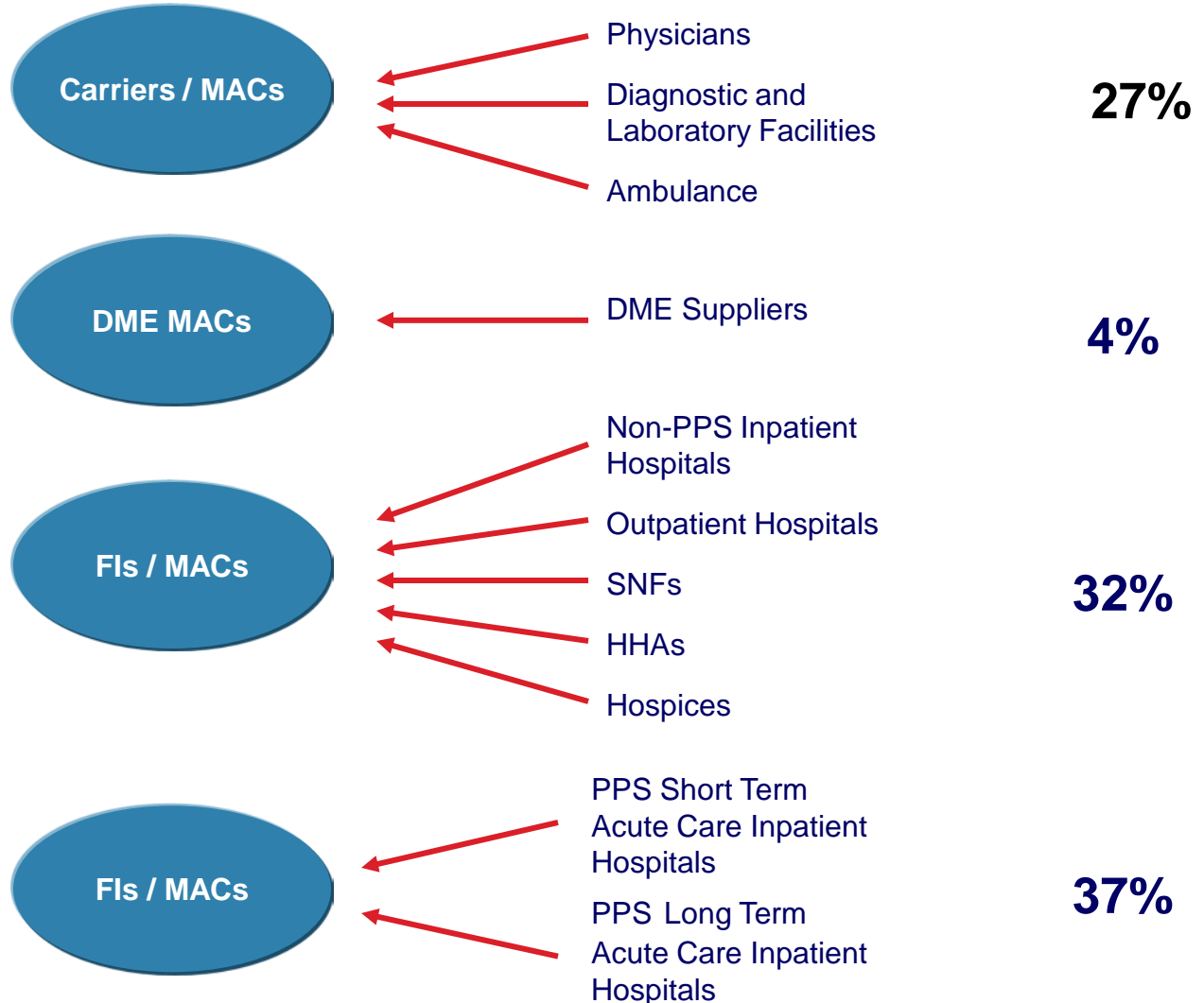
CMS established the following program. . .

. . . that monitors payment decisions made by . . .

. . . for claims/admissions submitted by . . .

. . . which account for the following portion of the Trust Fund . . .

**Comprehensive Error Rate Testing (CERT) Program**



FIs and MACs are responsible for payment decisions on inpatient hospital claims beginning with the November 2009 report

# The CERT Process

- ▶ Claims are selected randomly from all claims submitted for payment each day
  - Blind to the MAC/Carrier/Fl until the claim has been paid or denied
- ▶ The CERT Documentation Contractor requests for medical records
  - If a provider fails to submit a requested record, it counts as an error
    1. No Documentation
- ▶ Reviews conducted by at least one nurse at the CERT Review Contractor. Claims determined to be paid incorrectly are scored as errors
  2. Insufficient Documentation
  3. Medical Necessity
  4. Incorrect Coding
  5. Other (Duplicate payments / no benefit category / other billing errors)

**Error rates are calculated and reported in DHHS Agency Financial Report, CMS Financial Report, and semi-annual Improper Payment Reports**



# Comprehensive Error Rate Testing (CERT) National Medicare Fee-for Service Error Rates by Year 1996 – 2010

| Year | Error Rate | Total Dollars Paid | Total Improper Payments |
|------|------------|--------------------|-------------------------|
| 1996 | 14.2%      | \$168.1 B          | \$23.8 B                |
| 1997 | 11.8%      | \$177.9 B          | \$20.9 B                |
| 1998 | 8.4%       | \$177.0 B          | \$14.9 B                |
| 1999 | 8.6%       | \$168.9 B          | \$14.5 B                |
| 2000 | 9.4%       | \$174.6 B          | \$16.4 B                |
| 2001 | 8.8%       | \$191.3 B          | \$16.8 B                |
| 2002 | 8.0%       | \$212.8 B          | \$17.1 B                |
| 2003 | 6.4%*      | \$199.1 B          | \$12.7 B*               |
| 2004 | 10.1%      | \$213.5 B          | \$21.7 B                |
| 2005 | 5.2%       | \$234.1 B          | \$12.1 B                |
| 2006 | 4.4%       | \$246.8 B          | \$10.8 B                |
| 2007 | 3.9%       | \$276.2 B          | \$10.8 B                |
| 2008 | 3.6%       | \$288.2 B          | \$10.4 B                |
| 2009 | 12.4%      | \$308.4 B          | \$35.4 B                |
| 2010 | 10.5%      | \$326.4 B          | \$34.3 B                |

\* These entries have been adjusted to account for the high provider non-response rate in 2003. Had the adjustment not been made, the improper payments would have been \$21.5 B and the national paid claims error rate would have been 10.8%.

# Executive Order 13520 – Reducing Improper Payments

- ▶ Added new requirements for:
  - Supplemental measurement of high risk areas
  - Reporting on treasury payment accuracy website
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- ▶ CMS has worked with DHHS and OMB to develop strategy to comply with Executive Order Requirements
  - 4 supplemental measures planned
    - Power wheelchairs, short hospital stays, chiropractic services, and pressure reducing support surfaces
  - Treasury Website
    - Includes program information and error rate data for annual and supplemental measures
    - [www.paymentaccuracy.gov](http://www.paymentaccuracy.gov)

# Corrective Actions

- ▶ CMS and contractors analyze error rate data and develop Error Rate Reduction Plans to reduce improper payments
- ▶ Corrective actions include:
  - Refining error rate measurement processes
  - Improving system edits
  - Updating coverage policies and manuals
  - Conducting provider education efforts