Supplemental Metrics Executive Order 13520 – Reducing Improper Payments

August 2011

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IPERA Overview

- IPIA (Improper Payments Information Act of 2002) - amended in July 2010 by Improper Payments Elimination and Recovery Act (IPERA).
  - Designed to improve agency efforts to reduce and recover improper payments
  - Assess program for risk of making improper payments; estimate and report these amounts annually; and take corrective actions.
  - Expands the types of programs that are required to conduct payment recovery audits
  - Authorizes agency heads to use recovered funds for additional uses
  - Defines actions to be in compliance and actions if not in compliance

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Definition of Improper Payment

As defined in the Improper Payments Information Act of 2002 an improper payment is any payment that:

- Should not have been made under statutory, contractual, administrative, or other legally applicable requirements
- Is made to an ineligible recipient or for an ineligible service
- Is a duplicate payment
- Is made for services not received
- Is for the incorrect amount* or
- Lacks sufficient or required information to show a payment was proper

* Incorrect amounts are overpayments and underpayments including inappropriate denials of payment or service

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Executive Order (EO) Overview

- 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
  - 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

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CMS

Executive Order Purpose

- Reduce improper payments by eliminating payment errors, waste, fraud, and abuse in major Federal programs.
- Continue to ensure our programs serve the intended beneficiaries.
- Balance between decreasing improper payments and ensuring/promoting access.

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Medicaid Supplemental Error Rate Measurement Supporting Implementation of EO 13520

- In response to EO 13520, CMS identified several high vulnerability/high risk areas to target for supplemental measures. These national focus areas included nursing homes, inpatient hospital, home health, and pharmacy.

- Currently CMS has one supplemental metrics project referred to as Payment Accuracy Improvement Group (PAIG) underway in the area of Pharmacy Education. A second project in the area of Home and Community Based Services is proposed.

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Pharmacy Education Payment Accuracy Improvement Group (PAIG)

Background

- The first supplemental measures study will identify the extent to which targeted education for providers about proper prescribing practices can reduce the amount of prescriptions (overprescribing) that exceed recommended dosages (overutilization), which may be improper.
- CMS will use the findings from this project to measure the extent to which targeted education results in a decreased number of potentially improper prescriptions, equating to a decrease in potentially improper payments.

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Pharmacy Education PAIG

Corrective Actions

- The education program will target providers identified as having aberrant prescribing patterns. Education materials are based on national guidelines and evidence-based medicine.

- General education materials will be provided to all provider types (e.g., physicians, nurses, pharmacists). Materials include factsheets, brochures, FDA guideline summary charts, and web-based training. These materials will be available on a website, distributed during conferences, professional meetings, and sent out through direct mail.

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Home and Community Based Services PAIG

- CMS is proposing a supplemental measure that targets the root causes for errors identified in Home and Community Based Services (HCBS).

- CMS will utilize the Payment Error Rate Measurement (PERM) to collect and analyze data.

- CMS will work collaboratively with States to develop and deploy interventions aimed at reducing the percentage of errors.

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Home and Community Based Services PAIG

Why HCBS?

- The HCBS category includes home health, personal care services, private duty nursing, meal delivery services, waiver services, adult day care, and numerous other more specific service types.
- Recent PERM data shows that a large proportion of Medicaid improper payments and projected dollars in error are found in HCBS claims.

2008-2009 HCBS Errors Identified through PERM				
Service Category	Number of Payment Errors		Projected Dollars in Error	
	# in Error	% of Total # of Errors	Projected $ in Error	% of Total Projected $ in Error
HCBS	119	30%	$2,893,545,425	24%

- Results of the Office of Inspector General Audit Reports targeting Personal Care Services published in recent years

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Home and Community Based Services PAIG

Methodology for Baseline Measurement

- Establish baseline data through conducting an oversample of HCBS claims in the FY 2011 PERM cycle
  - Sample an additional 30 claims per state (510 claims total) from quarter 1 of FY 2011
  - Claims will travel through the normal PERM process
- Report national HCBS error rate in November 2012
- CMS will partner with states to assess and identify the root causes for errors and develop appropriate interventions nationally

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Home and Community Based Services PAIG

Methodology for Interim and Final Measurement

- PERM will utilize a new sampling methodology beginning in FY 2012 that will allow the collection of HCBS supplemental measure data through the normal PERM sample

- Interim collection and assessment of data
  - Completed through the FY 2012 PERM cycle with Cycle 1 states
  - Goal to report results by November 2013
  - Re-assess intervention(s) used to address the root causes for errors

- Final collection and assessment of data
  - Completed through the FY 2013 PERM cycle with Cycle 2 states
  - Goal to report results by November 2014

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Home and Community Based Services PAIG

Timeline

By December 2011	Conduct oversample of FY 2011 Q1 HCBS Services
By June 2012	Complete review of oversample and identify root causes of errors
November 2012	Report baseline data, including a national HCBS error rate
June 2012 – December 2012	Develop and deploy national interventions aimed at reducing errors
October 2012 – June 2013	Interim assessment of HCBS data through FY 2012 PERM cycle (depending on timing of intervention deployment, may see a reduction in errors)
November 2013	Report interim data, including a national HCBS error rate
October 2013 – June 2014	Final assessment of HCBS data through FY 2013 PERM cycle (expect to see full impact of interventions)
November 2014	Report final data

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Supporting States

- Triennial comprehensive program integrity reviews
- Program integrity guidance
  - Fraud referral performance standards
  - Provider disclosure best practices
  - Annual best practices report
- MII
  - 2,100 students through FY 11
  - 17+ classes expected in FY 12

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Overview of Special Field Projects

- Nine projects/three states:
  - Since October 2007, the MIG has partnered on 9 joint special field projects in the states of NY, FL, and CA.
  - Two DME projects in Florida
    - October 2007 DME "Nebulizer" Project
    - May 2011 DME "E1390 - Oxygen Concentrator" Project
  - Five Home Health Agency (HHA) projects in Florida from 2008-2010
  - One multi-agency investigation conducted in the West Hollywood area of Los Angeles, CA
  - One combined facility investigation with NY in 2011

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Overview of Special Field Projects

- Overall Stats:
  - $33.2 million in estimated cost avoidance;
  - 654 providers and 43 home health agencies and DME suppliers were reviewed;
  - 1,150 beneficiaries were interviewed;
  - Approx. 400 actions taken against providers including:
    - fines, suspensions, licensing referrals, fraud referrals and education letters.

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