Department of Health and Human Services

OFFICE OF
INSPECTOR GENERAL

MEDICARE BENEFIT INTEGRITY CONTRACTORS' ACTIVITIES IN 2012 AND 2013

A DATA COMPENDIUM

Suzanne Murrin
Deputy Inspector General for
Evaluation and Inspections

May 2016
OEI-03-13-00620

Office of Inspector General

http://oig.hhs.gov

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

Office of Audit Services

The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

Office of Evaluation and Inspections

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

Office of Investigations

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

Office of Counsel to the Inspector General

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

EXECUTIVE SUMMARY

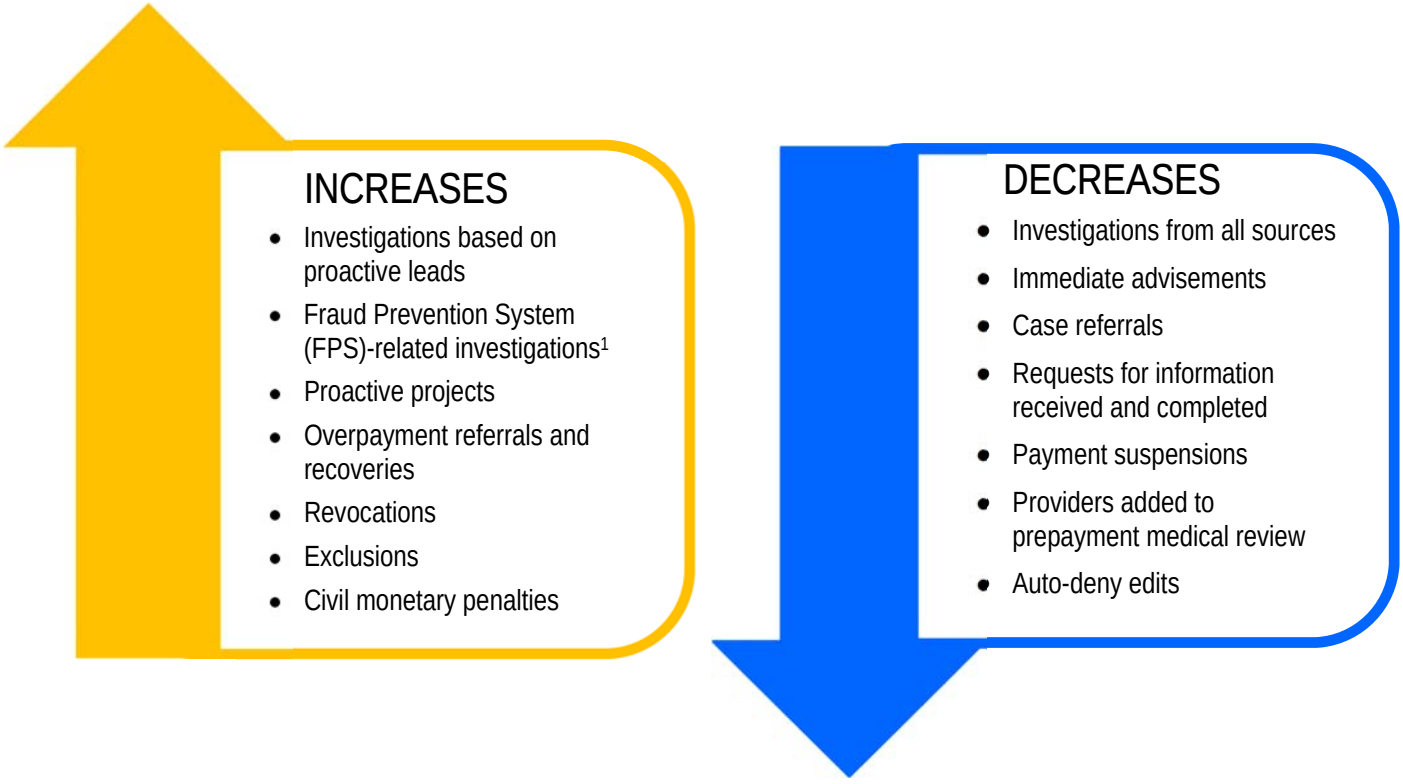
This report provides a visual representation of data on the workload activities of Medicare benefit integrity contractors in calendar years 2012 and 2013. The report allows for a quick comparison of workload statistics across the 2 years, across contractors, and across Medicare programs; and it provides a baseline for reviewing contractors' quantitative results over time. The report provides descriptive information about the changes that occurred from 2012 to 2013 as well as the variation among contractors' workload statistics. However, the report does not examine the underlying causes of those changes or variations.

The contractors include Program Safeguard Contractors, Zone Program Integrity Contractors, and the National Benefit Integrity Medicare Drug Integrity Contractor (MEDIC). Activities that these contractors perform to detect and deter Medicare fraud include, but are not limited to, conducting fraud investigations; analyzing data to identify aberrant billing patterns; referring suspected cases of fraud to law enforcement; responding to law enforcement's requests for information; and, in some cases, recommending administrative actions such as revocations and payment suspensions.

Past Office of Inspector General (OIG) work has shown substantial variation among benefit integrity contractors with respect to the number of investigations they started and the number of cases that they referred to law enforcement. It has also shown that the contractors made limited use of proactive methods to identify potential fraud and abuse; and that they did not report workload statistics in a uniform manner. In addition, previous OIG work has identified anomalies in contractors' workload statistics, which may highlight issues with the Centers for Medicare & Medicaid Services' (CMS's) oversight of these contractors. Although we have conducted previous studies on these individual contractor types, this is the first report to provide the results of benefit integrity activities across all of these contractors.

As shown in Figure 1, some workload results for contractors increased overall from 2012 to 2013, such as the number of proactive projects started and the number of revocations recommended, while others, such as the number of cases referred to law enforcement, decreased.

Figure 1: Overall Changes in Selected Workload Statistics from 2012 to 2013



Source: OIG analysis of 2012 and 2013 data from CMS Analysis, Reporting, and Tracking System (CMS ARTS) and MEDIC workload statistics.

[1] In 2011, CMS established the FPS—a predictive analytic system—to identify and prevent fraud, waste, and abuse in Medicare Parts A and B.

While increases and decreases in workload statistics from year to year may be caused by reasonable shifts in workload priorities, we believe that CMS should examine these changes to ensure that they align with its benefit integrity goals. In addition, we found variation in the level of benefit integrity activities conducted by contractors in 2012 and 2013, even when we accounted for differences in the size of contractors' oversight responsibility and the amount paid for their contracts. Although there may be valid reasons for the variation among contractors, we believe that CMS should examine the variation and, if necessary, take steps to address poor performance, share best practices, or clarify workload definitions. The work of the benefit integrity contractors—as well as CMS's oversight of these contractors—is vital to the integrity of the Medicare program. CMS concurred with the following recommendations to:

- *Examine trends in workload statistics, determine the causes for the increases and decreases in workload statistics across years, and determine whether these changes align with CMS's benefit integrity goals.*
- *Examine the variation in workload statistics among benefit integrity contractors and—as appropriate—identify performance issues that need to be addressed, best practices that can be shared, and workload definitions that need to be clarified to ensure that contractors report data uniformly and in the way CMS intends.*

TABLE OF CONTENTS

BACKGROUND 1

RESULTS IN BRIEF 4

RECOMMENDATIONS 6

AGENCY COMMENTS 7

APPENDIXES 8

A: WORKLOAD STATISTICS 8

INVESTIGATIONS 9

PROACTIVE PROJECTS 13

IMMEDIATE ADVISEMENTS 15

CASE REFERRALS 16

REQUESTS FOR INFORMATION 19

OVERPAYMENTS 21

REVOCATIONS 24

EXCLUSIONS 26

CIVIL MONETARY PENALTIES 27

PAYMENT SUSPENSIONS 28

PREPAYMENT MEDICAL REVIEW 31

AUTO-DENY EDITS 34

B: WORKLOAD STATISTICS BY CONTRACTOR 36

C: RANKING OF CONTRACTORS' OVERSIGHT RESPONSIBILITY AND WORKLOAD STATISTICS 43

D: METHODOLOGY 55

E: PREVIOUS OIG REPORTS ON BENEFIT INTEGRITY CONTRACTORS 57

F: AGENCY COMMENTS 58

ACKNOWLEDGMENTS 60

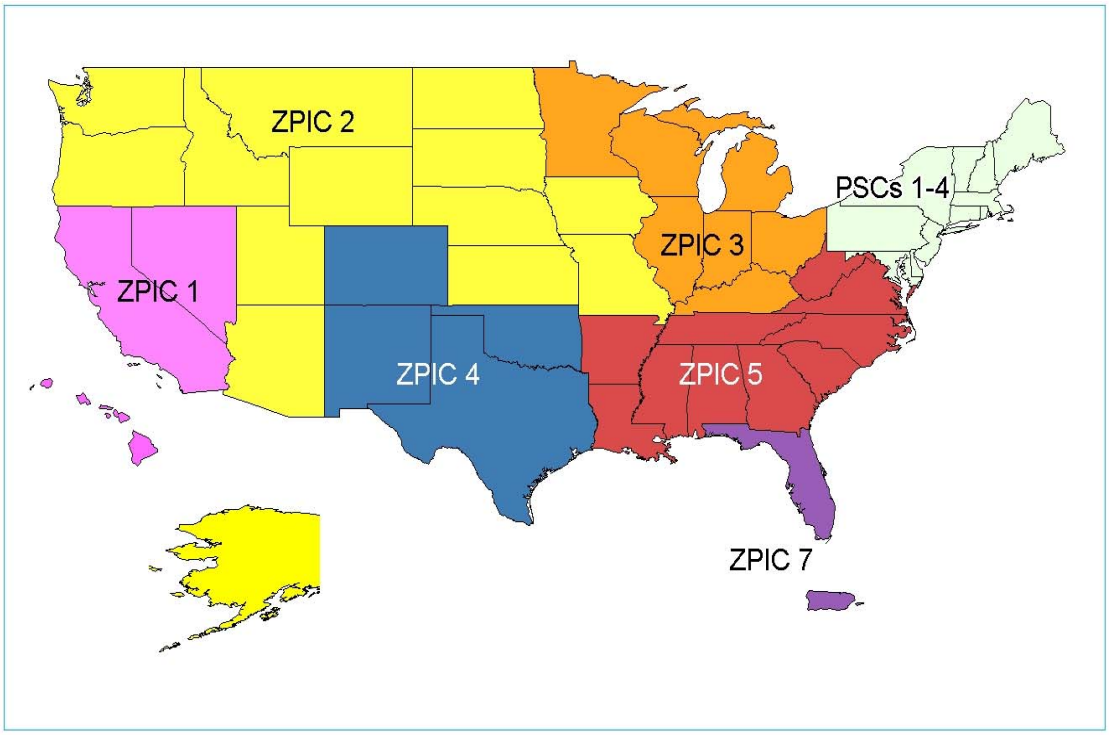
BACKGROUND

This report provides information on the Medicare benefit integrity activities of Program Safeguard Contractors (PSCs), Zone Program Integrity Contractors (ZPICs), and the National Benefit Integrity Medicare Drug Integrity Contractor (MEDIC). Past Office of Inspector General (OIG) work has shown substantial differences among these contractors with respect to the number of investigations they started and the number of cases they referred to law enforcement. It has also shown that the contractors made limited use of proactive methods to identify potential fraud and abuse; and that they did not report workload statistics in a uniform manner. In addition, previous OIG work has identified anomalies in contractors' workload statistics, which may highlight issues with the Centers for Medicare & Medicaid Services' (CMS's) oversight of these contractors. This is the first report to provide the results of benefit integrity activities across all of these contractor types.

Benefit Integrity Contractors

CMS has contracted with PSCs and ZPICs to carry out benefit integrity activities for Medicare Parts A and B. CMS has been transitioning from PSCs to ZPICs, and ZPICs are now fully operational in six of seven geographical zones. In the remaining zone, the ZPIC contract has not been awarded; instead, there are four PSCs conducting benefit integrity activities in that zone. For Medicare Parts C and D, CMS contracts with one MEDIC to carry out benefit integrity activities nationwide. Figure 2 shows the names we use to identify PSCs and ZPICs in our report and the States in each zone.[1] The six ZPICs oversee Parts A and B, Durable Medical Equipment (DME), and Home Health and Hospice (HHH) in their respective zones. In the PSC coverage area, these responsibilities are divided among the four PSCs.[2] Figure 3 shows the amount paid to each contractor and the size of each contractor's oversight responsibility in 2012 and 2013.

Figure 2: Benefit Integrity Contractors' Coverage Areas in 2012 and 2013



[1] Not shown on this map are the U.S. territories of Northern Mariana Islands, American Samoa, and Guam (all in ZPIC 1's jurisdiction) and the U.S. Virgin Islands (in ZPIC 7's jurisdiction).

[2] PSC 1 oversees DME in all States in the PSC coverage area. PSC 2 oversees Parts A and B in New Jersey and New York. PSC 3 oversees Parts A and B in all States in the PSC coverage area except for New Jersey, New York, and Pennsylvania; oversees HHH for all States in the PSC coverage area; and oversees the counties of Arlington and Fairfax, VA, and the city of Alexandria, VA. PSC 4 oversees Parts A and B in Pennsylvania.

Figure 3: Amount Paid to Contractor and Oversight Responsibility for Each Contractor's Jurisdiction in 2012 and 2013

Contractor	Amount Paid to Contractor in 2012[1]	Amount Paid to Contractor in 2013[1]	Amount of Paid Claims or Expenditures in 2012[2]	Amount of Paid Claims or Expenditures in 2013[2]	Number of Claims Processed in 2012[3]	Number of Claims Processed in 2013[3]
PSC 1	$4,181,228	$4,160,076	$1,814,944,428	$1,555,687,942	11,640,641	10,768,163
PSC 2	$8,139,871	$9,031,506	$32,755,864,765	$31,590,344,161	98,661,865	96,386,017
PSC 3	$7,396,392	$8,162,781	$29,750,869,643	$29,554,086,368	85,729,052	86,658,779
PSC 4	$4,328,598	$5,216,489	$13,731,774,602	$13,258,799,990	42,262,387	41,503,657
ZPIC 1	$10,558,369	$11,649,892	$35,863,542,103	$35,330,473,103	93,590,619	91,712,988
ZPIC 2	$11,086,474	$10,760,812	$37,668,706,944	$37,499,149,073	119,299,942	118,097,845
ZPIC 3	$5,808,220	$8,769,293	$65,082,042,811	$63,122,742,569	207,536,737	202,903,810
ZPIC 4	$12,244,080	$13,116,535	$36,191,979,987	$34,633,753,305	100,784,808	97,382,115
ZPIC 5	$16,083,657	$16,740,734	$63,556,854,926	$62,074,919,758	205,241,991	203,503,883
ZPIC 7	$24,196,730	$23,249,314	$26,726,385,968	$25,832,530,936	82,608,397	80,367,263
MEDIC	$12,333,088	$13,559,830	$193,327,469,728	$205,908,214,464	NA	NA
Total	$116,356,707	$124,417,262	$536,470,435,905	$540,360,701,669	1,047,356,439	1,029,284,520

Source: OIG analysis of 2012 and 2013 CMS Analysis, Reporting, and Tracking System (CMS ARTS) data, MEDIC workload statistics, and contractor oversight data.

[1] For PSCs and ZPICs, the amount paid to the contractor represents the amount paid for the contractor's benefit integrity fee-for-service task order. For the MEDIC, the amount paid represents the amount paid for the MEDIC's national benefit integrity task order.

[2] For PSCs and ZPICs, the amount of paid claims represent the total claim payments processed by the Medicare Administrative Contractors (MACs) for each jurisdiction. For the MEDIC, the amount of expenditures represent the amount paid to all Part C and Part D plan sponsors.

[3] For PSCs and ZPICs, the number of claims represent the number of claims processed in their jurisdictions by MACs.

Benefit Integrity Contractors' Activities and Reporting Requirements

Activities that benefit integrity contractors perform to detect and deter Medicare fraud include, but are not limited to, conducting fraud investigations, analyzing data to identify aberrant billing patterns, referring suspected cases of fraud to law enforcement, and responding to law enforcement's requests for information. In addition, PSCs and ZPICs recommend administrative actions such as revocations, exclusions, and payment suspensions.

PSC and ZPIC Reporting Requirements. PSCs and ZPICs are required to report to CMS their monthly workload statistics related to their benefit integrity activities. CMS tracks and analyzes the statistics using an online system called CMS ARTS.

The Small Business Jobs Act of 2010 required CMS to develop predictive analytics to identify and prevent payment for improper claims. In June 2011, CMS established the Fraud Prevention System (FPS) to identify and prevent fraud, waste, and abuse in Medicare Parts A and B. CMS uses the FPS to run predictive analytics on all Medicare fee-for-service claims prior to payment. When the FPS identifies suspicious activity, it automatically generates leads for PSCs and ZPICs to investigate. The FPS is part of CMS's program integrity strategy to address fraud. PSCs and ZPICs report FPS-related workload statistics in CMS ARTS monthly.

MEDIC Reporting Requirements. The MEDIC is required to submit its performance metrics (hereinafter referred to as workload statistics) to CMS each month. Unlike PSC and ZPICs, the MEDIC performs benefit integrity activities nationwide, rather than in individual zones across the country. The MEDIC's workload statistics include, but are not limited to, the number of investigations started, the number of immediate advisements and case referrals sent to law enforcement, and the number of requests for information completed.

Methodology

For the four PSCs and six ZPICs, we extracted from CMS ARTS the workload statistics for calendar years 2012 and 2013.[1] From CMS, we obtained the MEDIC's 2012 and 2013 monthly workload statistics. Additionally, we obtained from CMS the amounts paid to each contractor in 2012 and 2013, as well as information on the contractors' respective oversight responsibilities, such as the number of Medicare claims processed and the amount paid for these claims in each jurisdiction.

Limitations

This report contains information that benefit integrity contractors reported to CMS. We did not independently verify this information. This report provides descriptive information about changes and variations in workload statistics for 2012 and 2013; we did not determine the causes of those changes or variations, nor did we assess the quality of contractors' activities.

Standards

This study was conducted in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

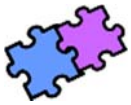
[1] In the beginning of 2012, ZPIC 3 was transitioning into its oversight responsibility. Therefore, ZPIC 3 has only 8 months of workload statistics for 2012.

RESULTS IN BRIEF

Workload Statistics Trending Upward from 2012 to 2013

Proactive Investigations: The percentage of PSC and ZPIC investigations based on proactive leads increased from 8 percent in 2012 to 12 percent in 2013. Investigations and case referrals based on external leads, versus proactive leads, were not reported separately in the MEDIC's workload statistics.

FPS-related Investigations: The percentage of FPS-related investigations that PSCs and ZPICs started more than doubled, from 9 percent in 2012 to 23 percent in 2013.



Proactive Projects: The number of proactive projects that benefit integrity contractors started increased by nearly two-thirds from 2012 to 2013.

Overpayments: Both the amount of overpayments that PSCs and ZPICs referred and the amount of overpayments recovered increased from 2012 to 2013.

Revocations: The number of revocations that ZPICs recommended increased 15 percent from 2012 to 2013.

Exclusions: The number of providers recommended for exclusion increased from 0 to 3 between 2012 and 2013.

Civil Monetary Penalties: The number of civil monetary penalties recommended increased from 2012 to 2013; PSCs and ZPICs recommended four civil monetary penalties in 2012 and 2013 combined.

Workload Statistics Trending Downward from 2012 to 2013

Investigations: Benefit integrity contractors started 36 percent fewer investigations in 2013 than in 2012.

Immediate Advisements: The number of immediate advisements sent to law enforcement decreased by over 40 percent from 2012 to 2013.

Case Referrals: The number of cases referred to law enforcement decreased by 17 percent from 2012 to 2013.

Requests for Information: The number of requests for information that benefit integrity contractors received from law enforcement and completed declined overall from 2012 to 2013.

Payment Suspensions: The number of providers that PSCs and ZPICs recommended for payment suspensions decreased by 19 percent from 2012 to 2013.

Prepayment Medical Review: The number of providers added to prepayment medical review decreased by 50 percent from 2012 to 2013.

Auto-Deny Edits: The number of new auto-deny edits that PSCs and ZPICs recommended decreased by nearly two-thirds from 2012 to 2013.

Variation: For certain workload statistics, such as the number of investigations started and the amount of overpayments referred, there was considerable variation across contractors even after adjusting the data for differences in contractors' oversight responsibilities and contract payment amounts.

Appendixes

- Appendix A provides more detailed information on each type of activity and its related workload statistics, including a variety of graphics to depict contractors' results.
- Appendix B provides the results across all contractors for each workload statistic.
- Appendix C provides a 1-page overview of each contractor's workload statistics showing how the contractor's results rank in comparison to those of other contractors.
- Appendix D provides a detailed methodology.
- Appendix E provides information on previous OIG reports on benefit integrity contractors.
- Appendix F provides CMS's comments on this report.

RECOMMENDATIONS

This report builds upon previous OIG studies regarding benefit integrity contractors. In addition to making new recommendations, it provides further support for some of our prior recommendations. Given that the work of the benefit integrity contractors—as well as CMS's oversight of these contractors—is vital to the oversight of the Medicare program, we recommend that CMS:

Examine trends in workload statistics, determine the causes for the increases and decreases in workload statistics across years, and determine whether these changes align with CMS's benefit integrity goals.

Certain workload statistics—such as the number of proactive projects initiated, the amount of overpayments referred, and the number of revocations recommended—increased from 2012 to 2013. In contrast, other workload statistics—such as the number of investigations, the number of case referrals, and the number of payment suspensions—decreased from 2012 to 2013. There may be valid reasons for these changes; however, CMS should review current trends to determine the underlying causes for the most significant increases and decreases across years, and determine whether these changes align with its benefit integrity goals.

Examine the variation in workload statistics among benefit integrity contractors and—as appropriate—identify performance issues that need to be addressed, best practices that can be shared, and workload definitions that need to be clarified to ensure that contractors report data uniformly and in the way CMS intends.

Benefit integrity contractors differed in the amounts they were paid and the size of their oversight responsibilities. However, even after we adjusted their workload data to account for these differences, we found considerable variability among contractors in 2012 and 2013 for certain workload statistics, such as the number of investigations started and the amount of overpayments referred. Previously OIG has recommended that CMS perform a timely review of the data for each contractor and across contractors to detect any anomalies in workload reporting. CMS has addressed this prior recommendation by requiring staff to review CMS ARTS at least once a month and compare the workload for their respective contractors with contractors of similar size and scope to help gauge workload variation. However, CMS needs to take further steps to use workload data effectively to help address variations across contractors that are due to differences in contractors' performance and/or to differences in the ways that contractors report workload data.

There may be valid reasons for the variation among contractors. However, to the extent CMS determines that the variation reflects differences in contractors' performance, we recommend that CMS address any issues with its contractors and identify best practices. If the variation is due to the way contractors report the data, CMS should clarify its workload definitions to ensure that contractors report data in the way CMS intends. For example, PSCs and ZPICs were not consistent in reporting whether the number of FPS-related payment suspensions was the number recommended or the number implemented. In addition, PSCs and ZPICs were not consistent in categorizing FPS-related investigations; some contractors counted them as proactive investigations, whereas others counted them as investigations based on external leads.

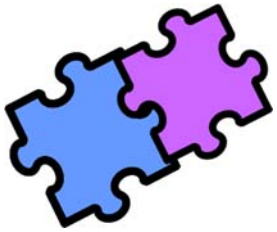
AGENCY COMMENTS

CMS stated that it takes many steps to ensure proper oversight of the MEDIC, ZPICs, and PSCs including meeting routinely with contractors to discuss workload and outcomes and performing quarterly evaluations with the contractors to provide timely feedback and oversight. CMS also explained that it conducts recurring meetings with senior managers and key personnel from each ZPIC and PSC to discuss CMS's goals and strategies and aligning contractor activities to those goals.

CMS concurred with both of our recommendations. In response to our first recommendation, CMS stated that it would determine whether changes in workload statistics across years align with CMS's program integrity goals. In response to our second recommendation, CMS stated that it already engages in comprehensive oversight of the MEDIC, ZPICs, and PSCs. However, to address workload variations as a result of the way contractors report workload data, CMS stated it is developing the Unified Case Management (UCM) system. The UCM system will serve as a central repository to track leads, monitor audit progress, and collect contractors' workload statistics in a unified manner. Appendix F contains the full text of CMS's comments.

APPENDIX A: WORKLOAD STATISTICS

Investigations



Proactive Projects

Immediate Advisements

Case Referrals

Requests for Information

Overpayments

Revocations

Exclusions

Civil Monetary Penalties

Payment Suspensions

Prepayment Medical Review

Auto-Deny Edits

INVESTIGATIONS

Highlight

Benefit integrity contractors started 36 percent fewer investigations in 2013 than in 2012.

Workload Activity

PSCs, ZPICs, and the MEDIC are required to investigate potential fraud and abuse. Investigations may be based on external leads, such as complaints, or proactive sources, such as data analysis.

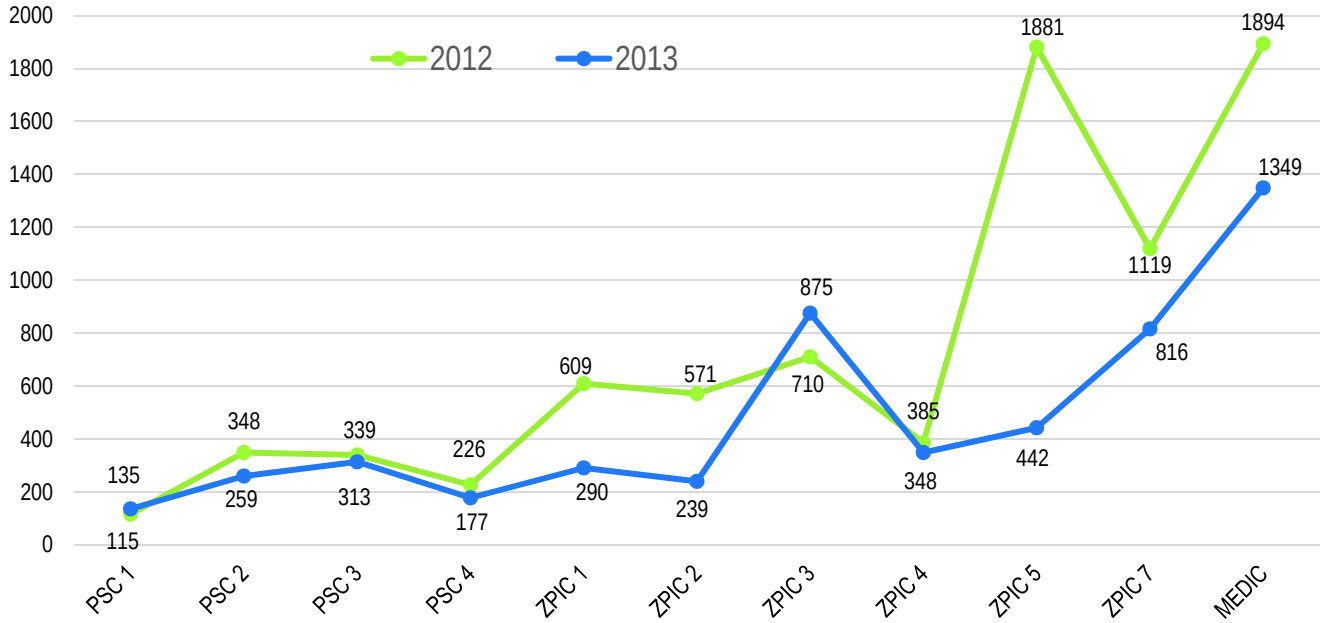
Investigations Started

Figure 4: The number of investigations started by benefit integrity contractors decreased 36 percent from 2012 to 2013.

Source: OIG analysis of 2012 and 2013 CMS ARTS data and MEDIC workload statistics.

Investigations Started, by Contractor

Figure 5: All but two contractors started fewer investigations in 2013 than in 2012.[1]

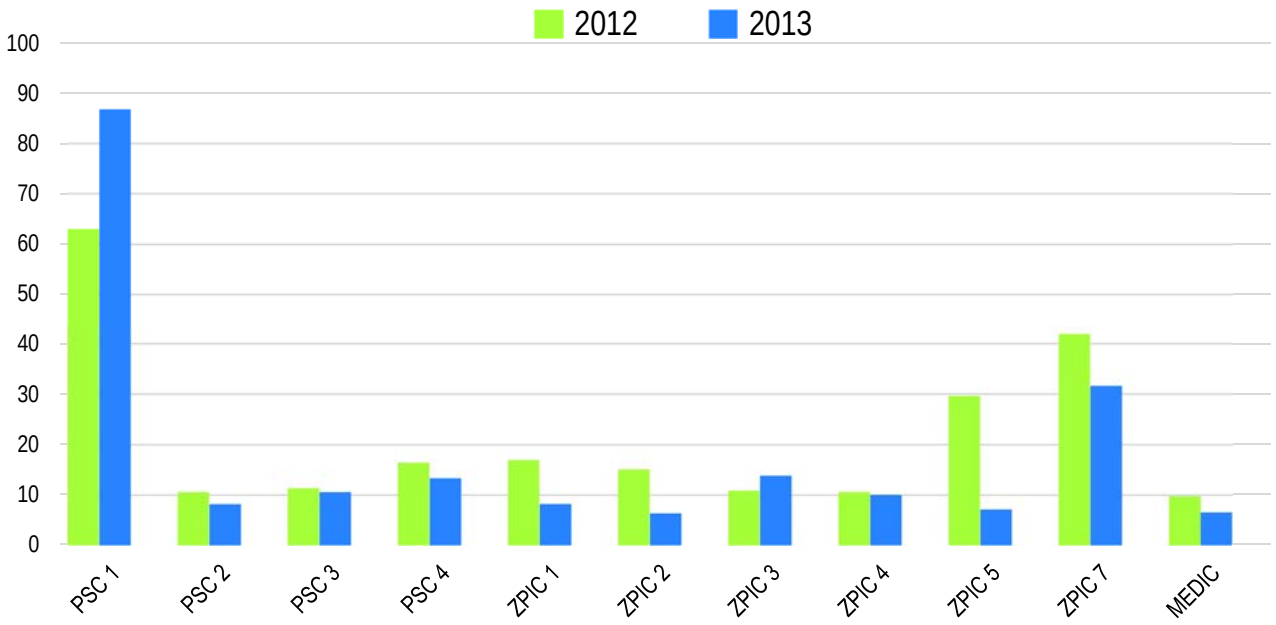


Source: OIG analysis of 2012 and 2013 CMS ARTS data and MEDIC workload statistics.

[1] According to CMS, ZPIC 5 had a large decrease between 2012 and 2013 in the number of investigations it started because of a complaint-screening pilot that allowed for the improved vetting of leads prior to opening investigations.

Number of Investigations Started per $1 Billion in Paid Claims/ Expenditures

Figure 6: Variation in the number of investigations started by benefit integrity contractors could not be explained solely by differences in the sizes of their respective oversight responsibilities.[1]

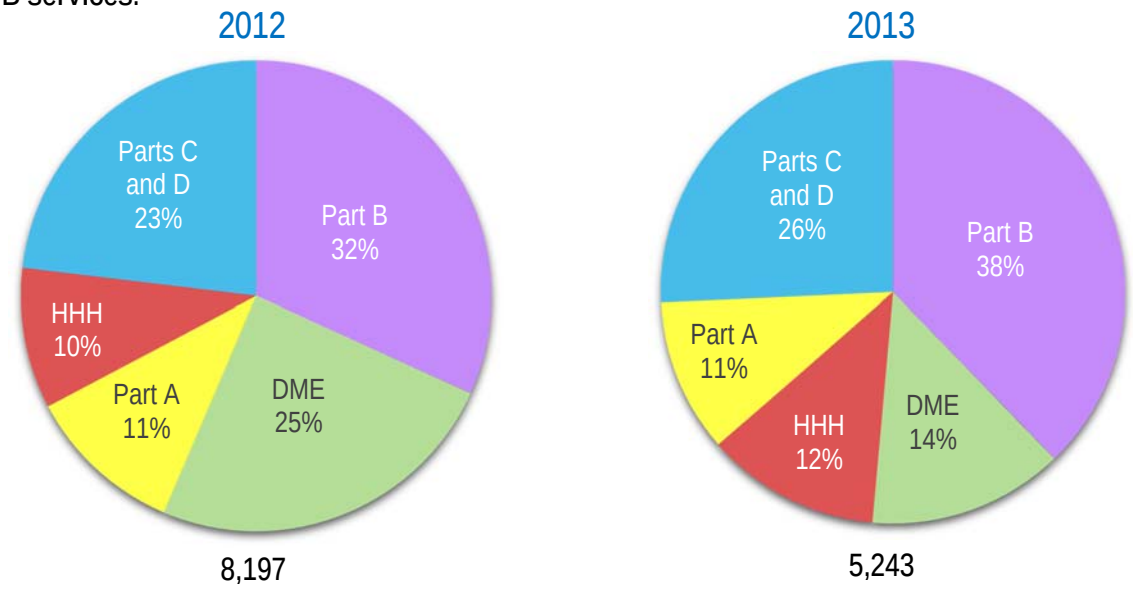


Source: OIG analysis of 2012 and 2013 CMS ARTS data, MEDIC workload statistics, and contractor oversight data.

[1] For PSCs and ZPICs, we define "oversight responsibility" as the amount of claims paid in their respective jurisdictions. For the MEDIC, we define "oversight responsibility" as the amount paid to all Part C and Part D plan sponsors.

Investigations Started, by Service Type

Figure 7: In both 2012 and 2013, the highest percentage of investigations started was related to Part B services.[1, 2]



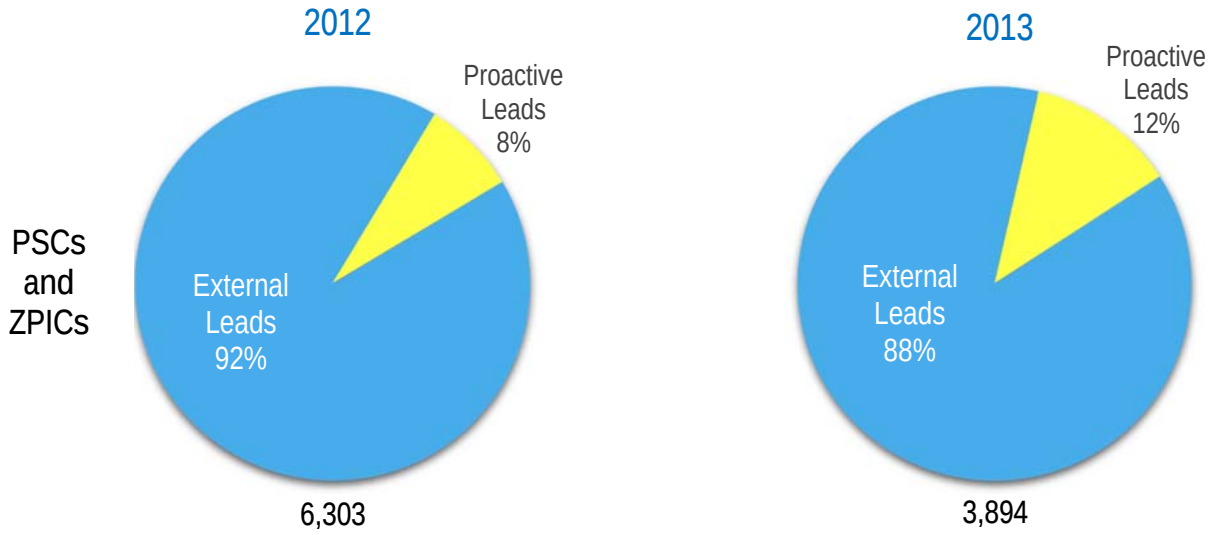
Source: OIG analysis of 2012 and 2013 CMS ARTS data and MEDIC workload statistics.

[1] Although DME services are Part B services, they are reported separately in CMS ARTS. For HHH services, ZPICs report these services separately in CMS ARTS, whereas PSCs report them as Part A services.

[2] The percentages for 2012 and 2013 do not total 100 percent because of rounding.

Investigations Started – Proactive and External Leads

Figure 8: Although the percentage of investigations based on proactive leads increased from 2012 to 2013, most PSC and ZPIC investigations were based on external rather than proactive leads in both years. Investigations based on external leads, versus proactive leads, were not reported separately in the MEDIC's workload statistics, so they are not included here. [1]

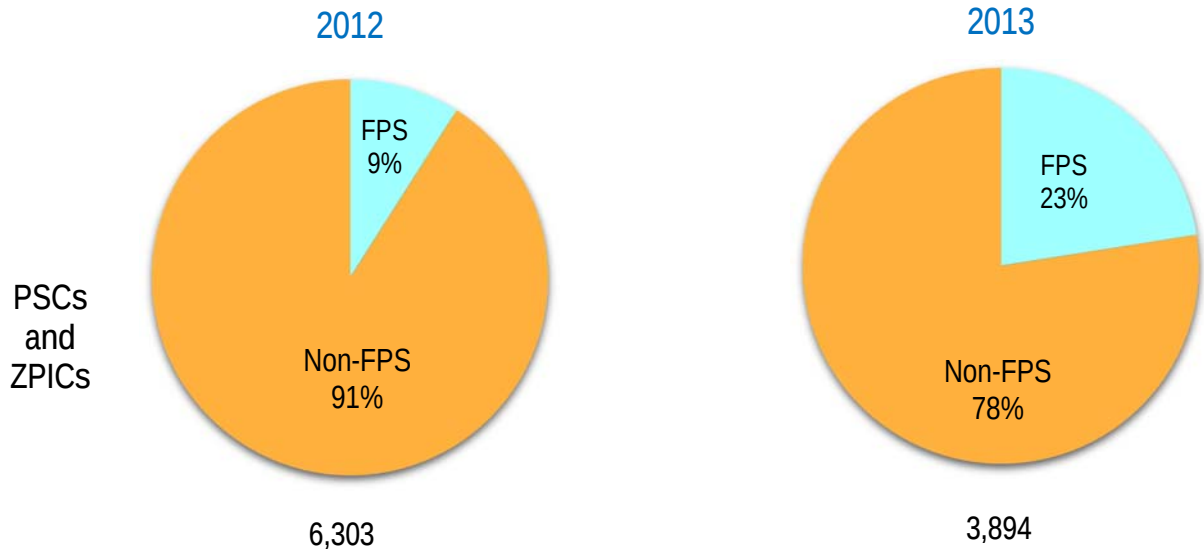


Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] PSCs and ZPICs varied as to how they categorized FPS-related investigations; some contractors may have counted them as investigations based on proactive leads and others may have counted them as investigations based on external leads.

Investigations Started – FPS-related

Figure 9: Although the overall number of investigations decreased, the percentage of FPS-related investigations started by PSCs and ZPICs more than doubled from 2012 to 2013.[1]

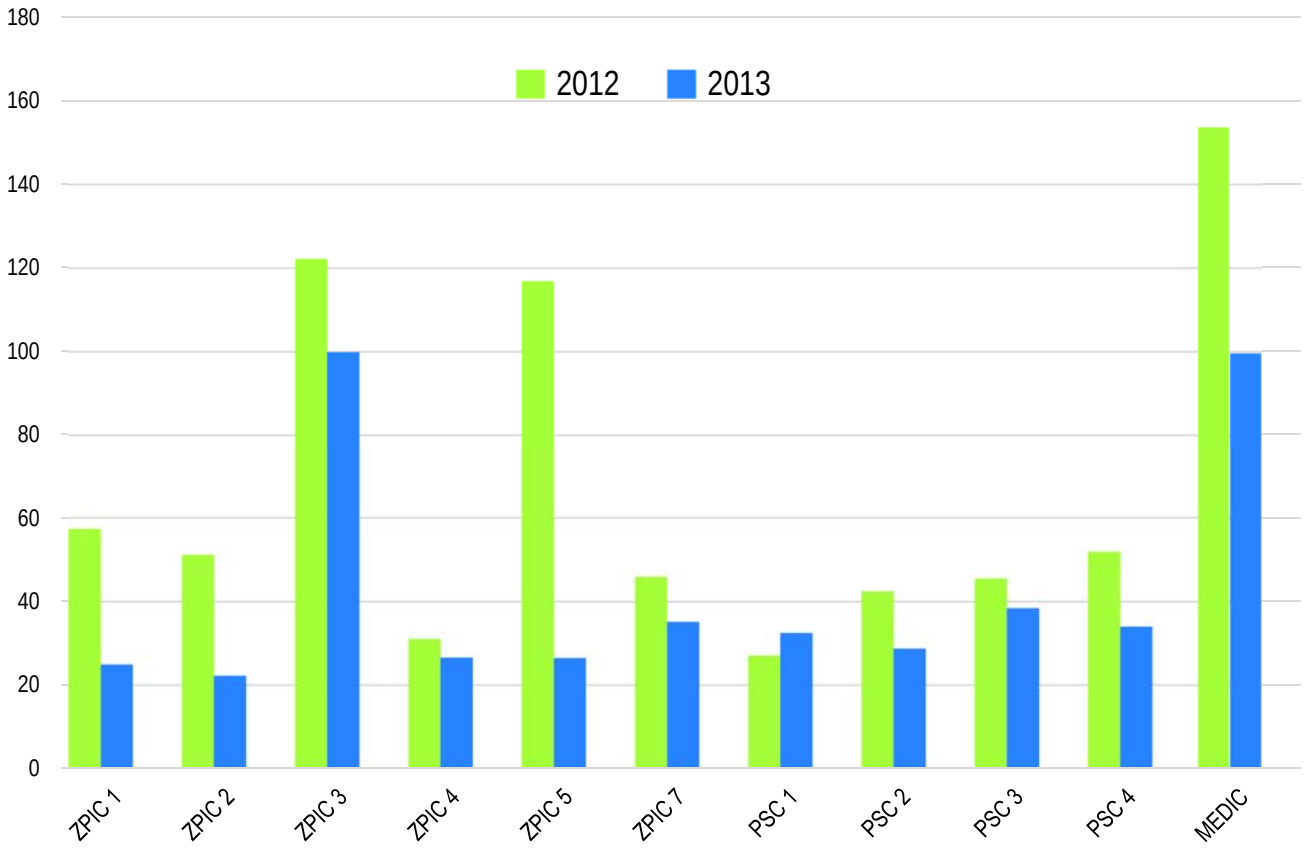


Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] The percentages for 2013 do not total 100 percent because of rounding.

Number of Investigations Started per $1 Million Paid to Contractor

Figure 10: The number of investigations started varied among contractors even after adjusting the data for differences in the amounts the contractors were paid.



Source: OIG analysis of 2012 and 2013 CMS ARTS data, MEDIC workload statistics, and contractor oversight data.

PROACTIVE PROJECTS

Highlight

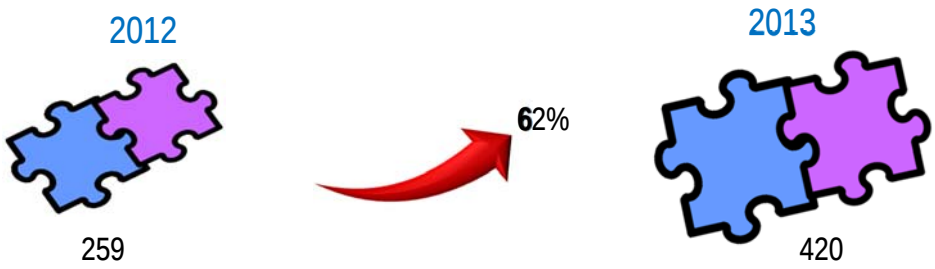
The number of proactive projects started by benefit integrity contractors increased by nearly two-thirds from 2012 to 2013.

Workload Activity

Benefit integrity contractors conduct proactive data analysis projects to identify patterns or trends that may indicate fraudulent billing. These projects may or may not result in an investigation.

Proactive Projects Started

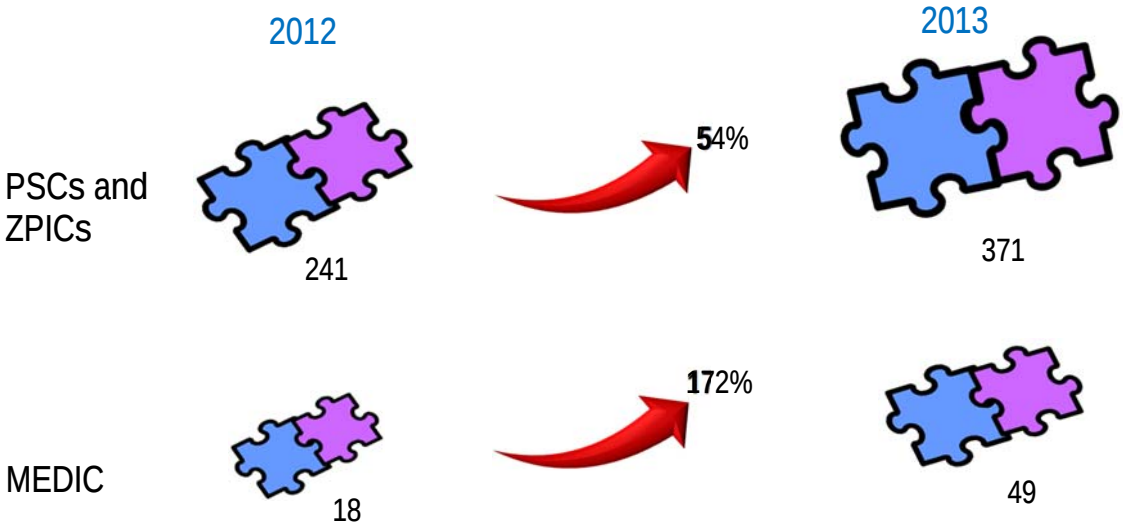
Figure 11: The number of proactive projects that benefit integrity contractors started increased by 62 percent from 2012 to 2013.



Source: OIG analysis of 2012 and 2013 CMS ARTS data and MEDIC workload statistics.

Proactive Projects Started, by Contractor Type

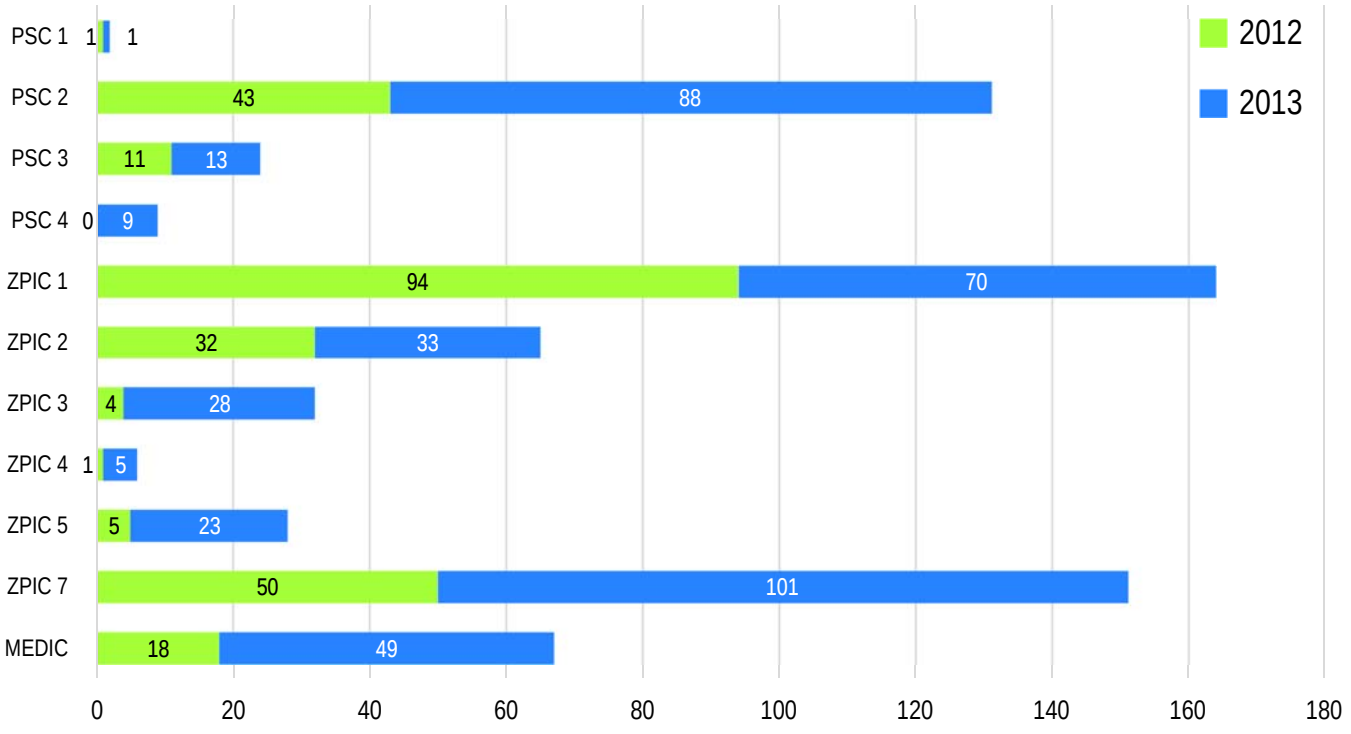
Figure 12: The number of proactive projects that benefit integrity contractors started increased substantially from 2012 to 2013, particularly for the MEDIC.



Source: OIG analysis of 2012 and 2013 CMS ARTS data and MEDIC workload statistics.

Proactive Projects Started, by Contractor

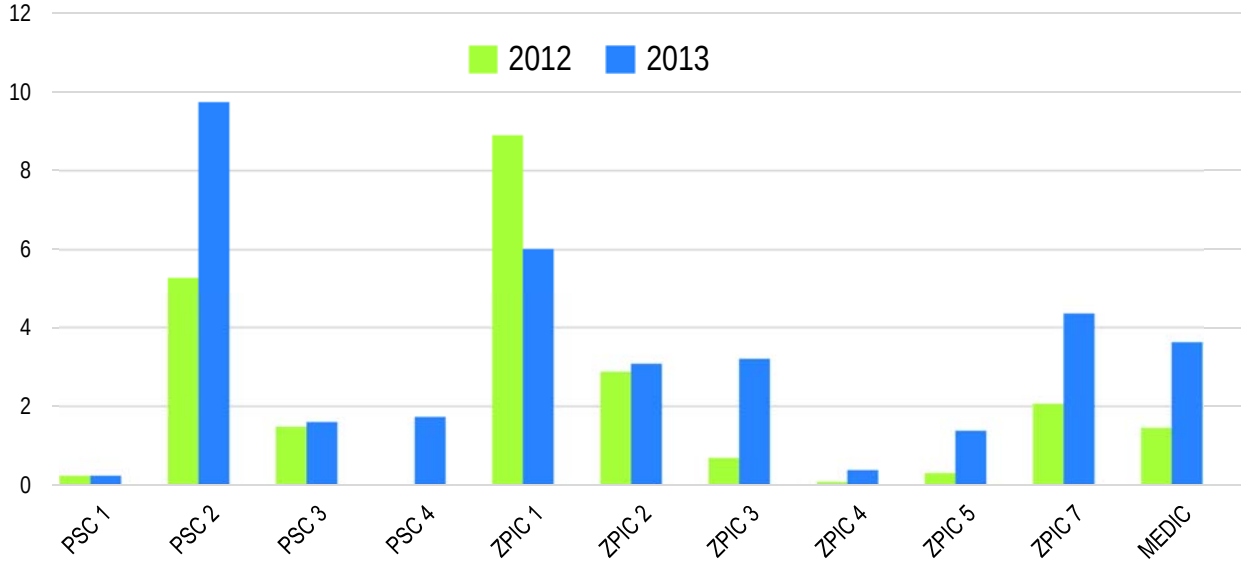
Figure 13: Three contractors started the majority of proactive projects in 2012 and 2013.



Source: OIG analysis of 2012 and 2013 CMS ARTS data and MEDIC workload statistics.

Number of Proactive Projects Started per $1 Million Paid to Contractor

Figure 14: The number of proactive projects started varied among contractors even after adjusting the data for differences in the amounts the contractors were paid.[1]



Source: OIG analysis of 2012 and 2013 CMS ARTS data, MEDIC workload statistics, and contractor oversight data.

[1] In 2012, PSC 4 started no proactive projects and PSC 1, ZPIC 3, ZPIC 4, and ZPIC 5 started less than one proactive project per $1 million paid to the contractor. In 2013, PSC 1 and ZPIC 4 started less than one proactive project per $1 million paid to the contractor.

IMMEDIATE ADVISEMENTS

Highlight

The number of immediate advisements that benefit integrity contractors sent to law enforcement decreased by over 40 percent from 2012 to 2013.

Workload Activity

Immediate advisements are fraud or abuse allegations that benefit integrity contractors are required to send directly to law enforcement without conducting an investigation.

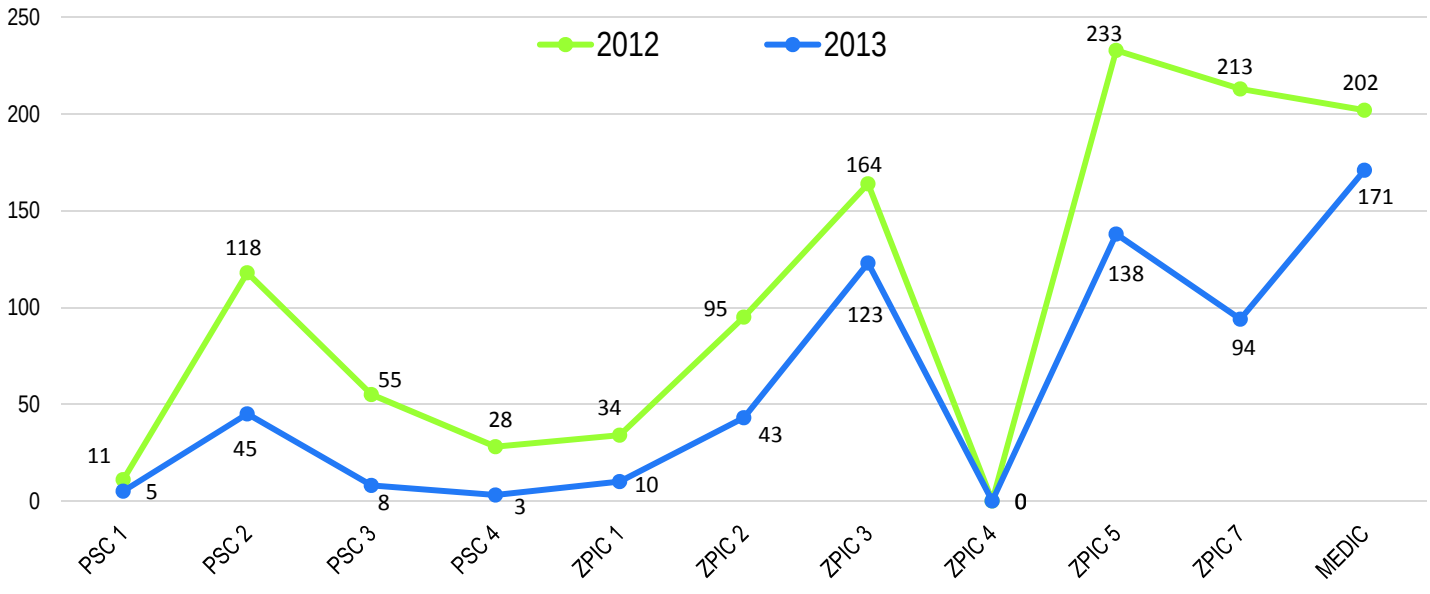
Immediate Advisements

Figure 15: The number of immediate advisements sent to law enforcement decreased by 44 percent from 2012 to 2013.

Source: OIG analysis of 2012 and 2013 CMS ARTS data and MEDIC workload statistics.

Immediate Advisements, by Contractor

Figure 16: ZPIC 4 sent no immediate advisements in 2012 and 2013. For the remaining contractors, the number of immediate advisements sent to law enforcement decreased from 2012 to 2013.



Source: OIG analysis of 2012 and 2013 CMS ARTS data and MEDIC workload statistics.

CASE REFERRALS

Highlight

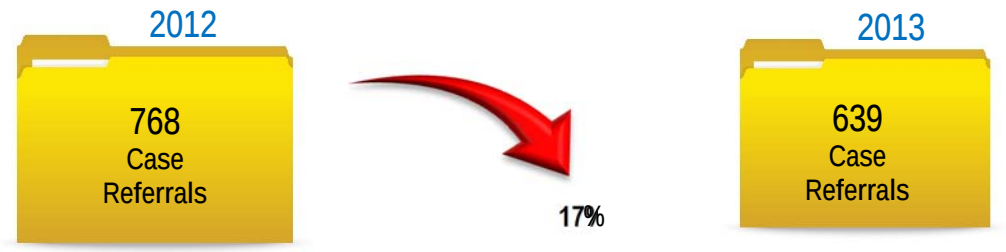
Benefit integrity contractors referred 17 percent fewer cases to law enforcement in 2013 than in 2012.

Workload Activity

When a benefit integrity contractor's investigation substantiates an allegation of potential fraud or abuse, the contractor refers it as a case to law enforcement.

Case Referrals

Figure 17: The number of cases referred to law enforcement decreased 17 percent from 2012 to 2013.[1]

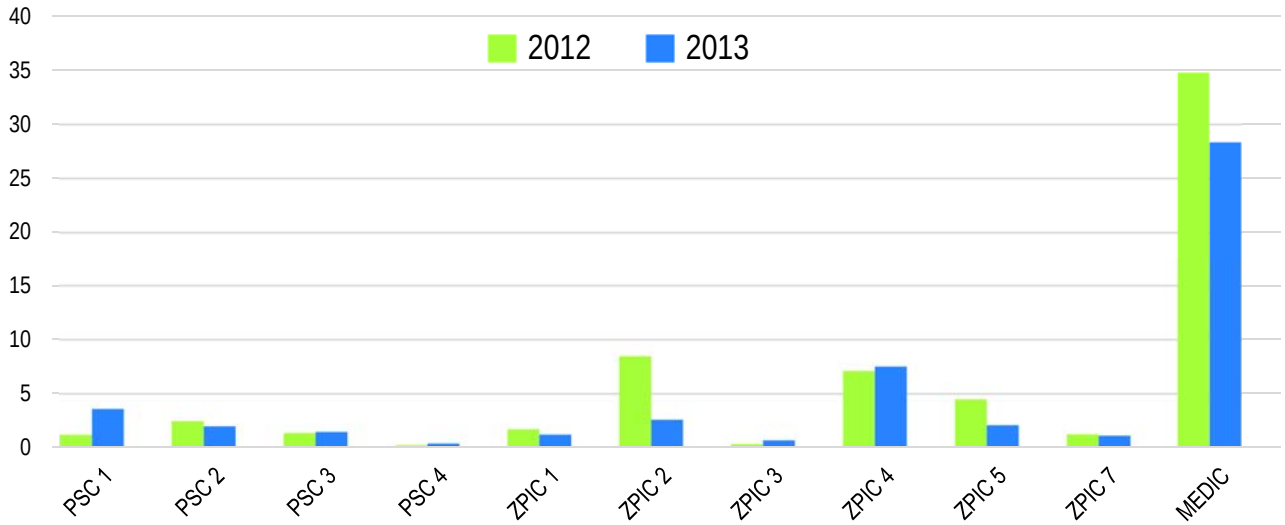


Source: OIG analysis of 2012 and 2013 CMS ARTS data and MEDIC workload statistics.

[1] The MEDIC included immediate advisements in its number of case referrals reported to CMS.

Number of Case Referrals per $1 Million Paid to Contractor

Figure 18: The number of cases referred varied among contractors even after adjusting the data for differences in the amounts the contractors were paid.[1, 2]



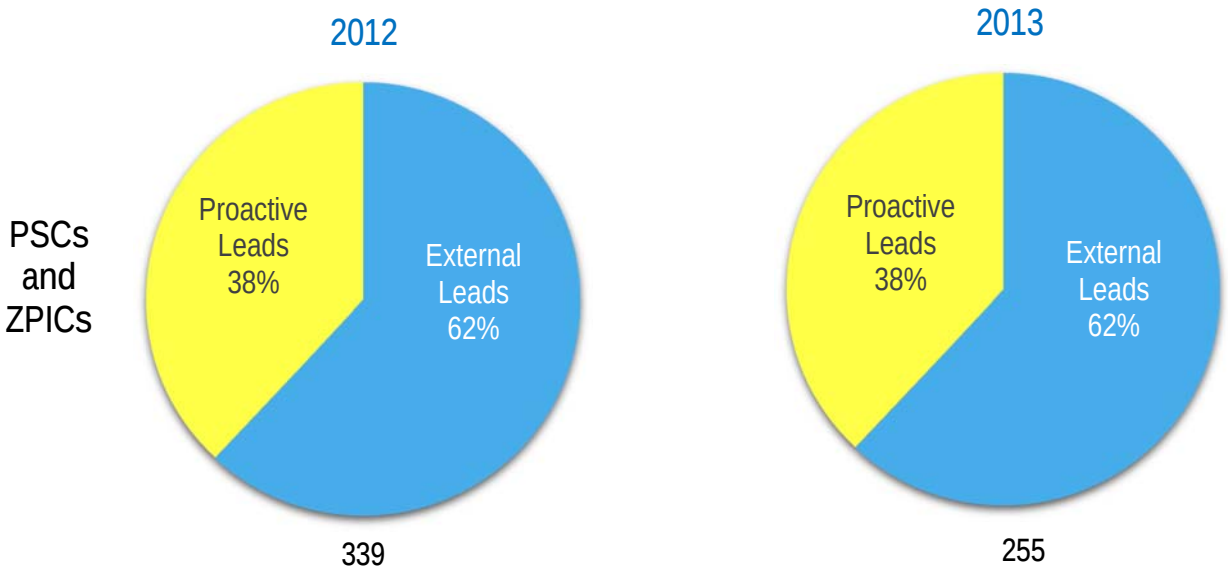
Source: OIG analysis of 2012 and 2013 CMS ARTS data, MEDIC workload statistics, and contractor oversight data.

[1] The MEDIC included immediate advisements in its number of case referrals reported to CMS.

[2] In 2012 and 2013, PSC 4 and ZPIC 3 referred less than one case per $1 million in payments.

Case Referrals – Proactive and External Leads

Figure 19: In 2012 and 2013, the majority of the PSCs' and ZPICs' case referrals resulted from investigations based on external rather than proactive leads.[1]

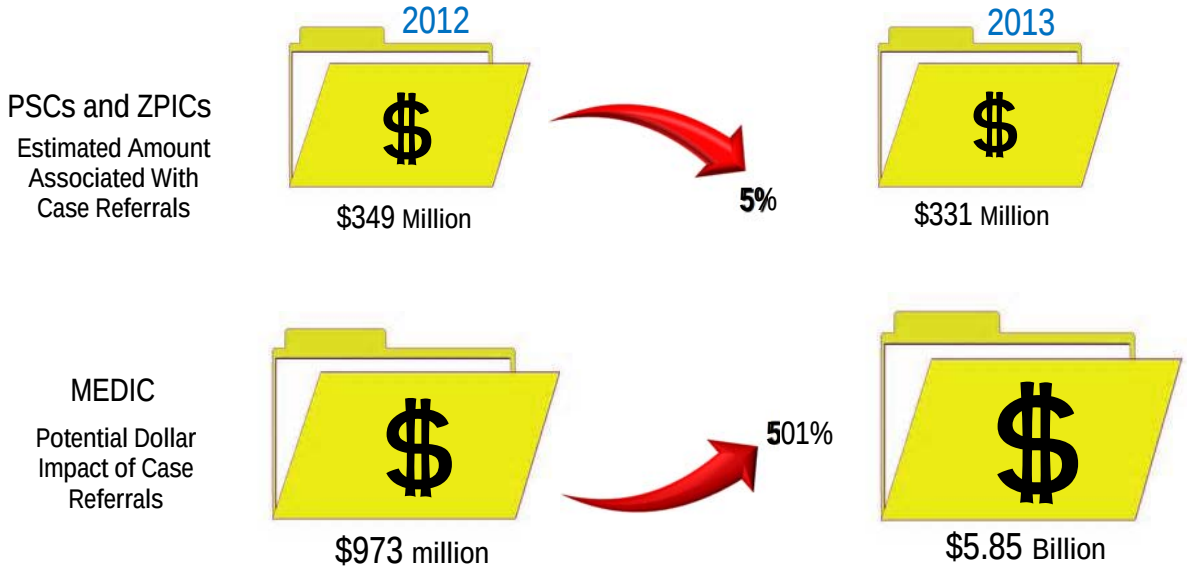


Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] Case referrals based on external versus proactive leads were not reported separately in the MEDIC's workload statistics, so they are not included here.

PSCs' and ZPICs' Estimated Dollar Amount Associated with Case Referrals and the MEDIC's Potential Dollar Impact of Case Referrals

Figure 20: The estimated dollar amount associated with PSC and ZPIC case referrals decreased slightly from 2012 to 2013. However, the potential dollar impact of MEDIC case referrals increased six times from 2012 to 2013.[1, 2]



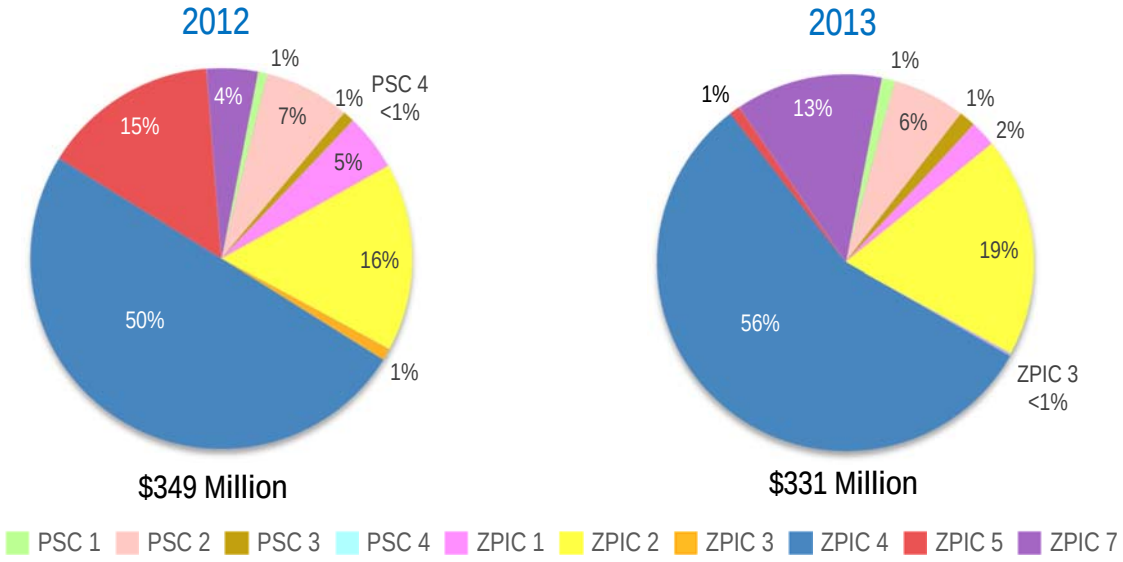
Source: OIG analysis of 2012 and 2013 CMS ARTS data and MEDIC workload statistics.

[1] Because of differences in the parts of the Medicare program, the PSCs and ZPICs differ from the MEDIC in how they calculate the estimated amount associated with case referrals.

[2] According to CMS, an immediate advisement referral involving a large retail pharmacy accounted for nearly $4 billion of the potential dollar impact of the MEDIC's case referrals in 2013.

Estimated Amount Associated With PSCs' and ZPICs' Case Referrals by Contractor

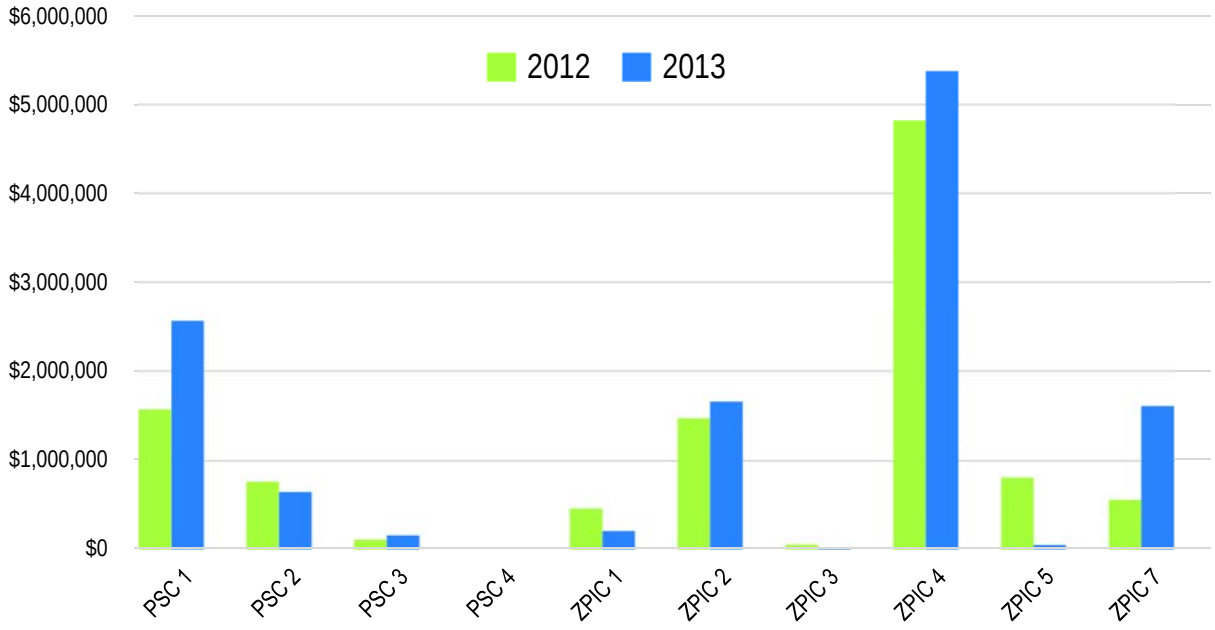
Figure 21: Half of the total dollar amount associated with PSC and ZPIC case referrals was associated with case referrals from ZPIC 4 in both 2012 and 2013. PSC 4 did not report any amounts associated with case referrals in 2013 even though it referred two cases that year.



Source: OIG analysis of 2012 and 2013 CMS ARTS data.

Estimated Amount Associated With PSCs' and ZPICs' Case Referrals per $1 Billion in Paid Claims

Figure 22: Variation in the dollar amount associated with PSC and ZPIC case referrals could not be explained solely by differences in the size of contractors' respective oversight responsibilities.[1]



Source: OIG analysis of 2012 and 2013 CMS ARTS and contractor oversight data.

[1] In 2012, the amount associated with PSC 4's case referrals was $2,088 per $1 billion in paid claims. In 2013, there was $0 associated with PSC 4's case referrals, even though it referred two cases in 2013. In 2013, the amount associated with ZPIC 3's case referrals was $12,347 per $1 billion in paid claims.

REQUESTS FOR INFORMATION

Highlight

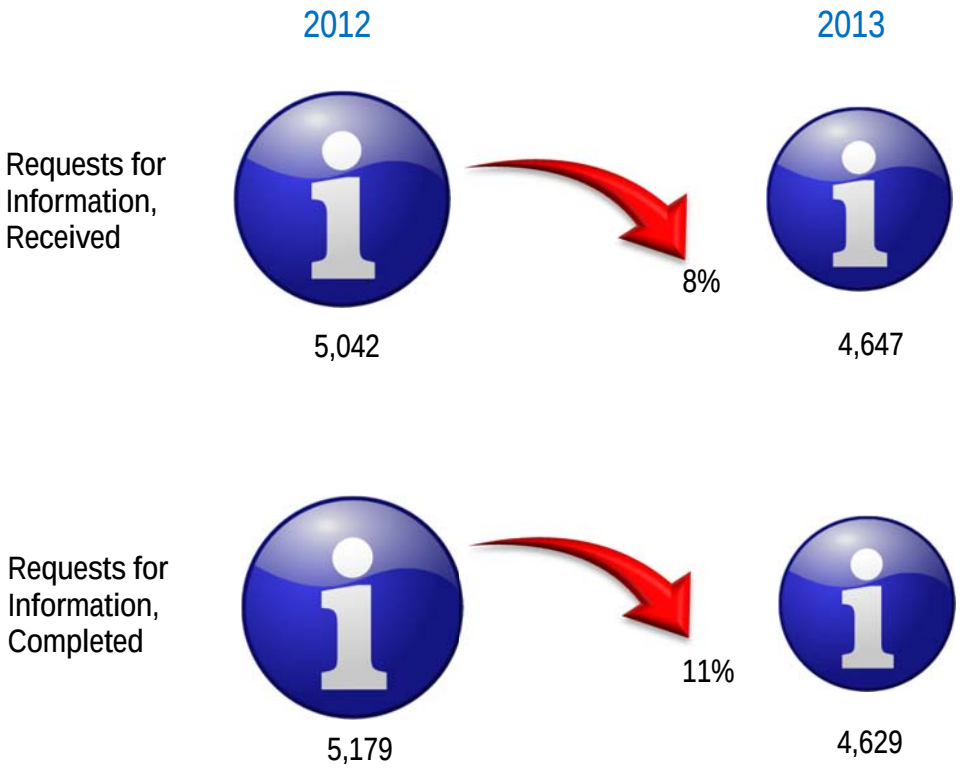
The number of requests for information that benefit integrity contractors received from law enforcement and completed declined overall from 2012 to 2013.

Workload Activity

Federal, State, or local law enforcement agencies may request beneficiary or provider information from benefit integrity contractors to further their investigations or prosecutions, and benefit integrity contractors respond to these requests.

Requests for Information, Received and Completed

Figure 23: The number of requests for information, received and completed, declined overall, by 8 percent and 11 percent respectively, from 2012 to 2013.[1, 2]



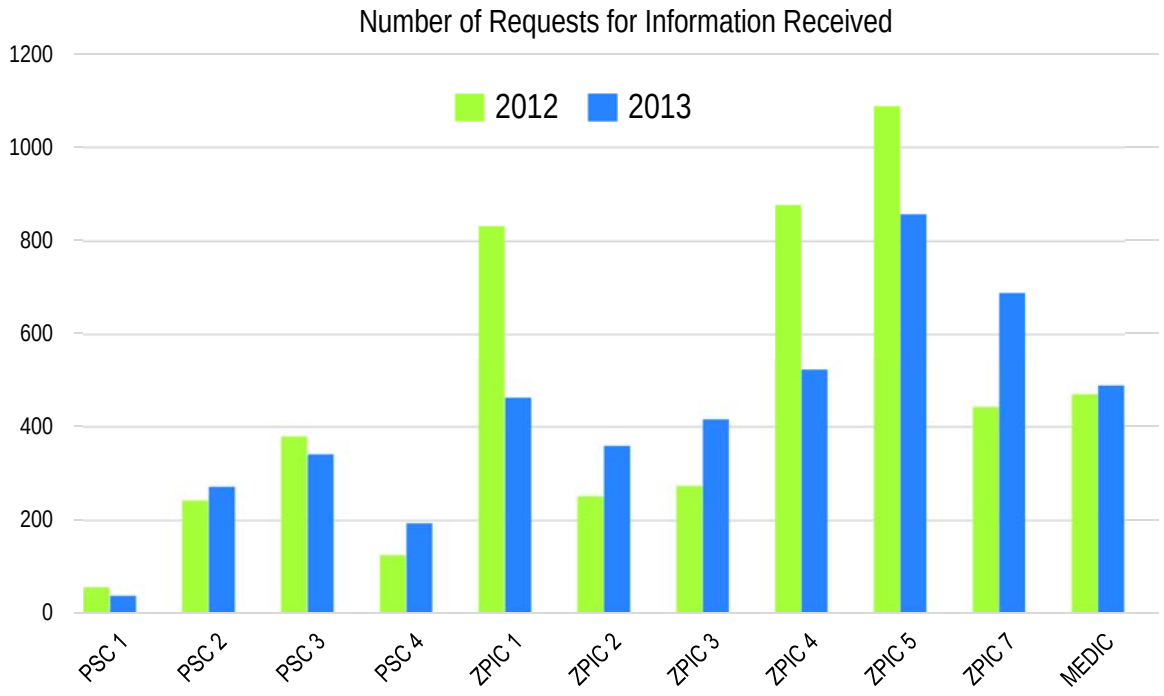
Source: OIG analysis of 2012 and 2013 CMS ARTS data and MEDIC workload statistics.

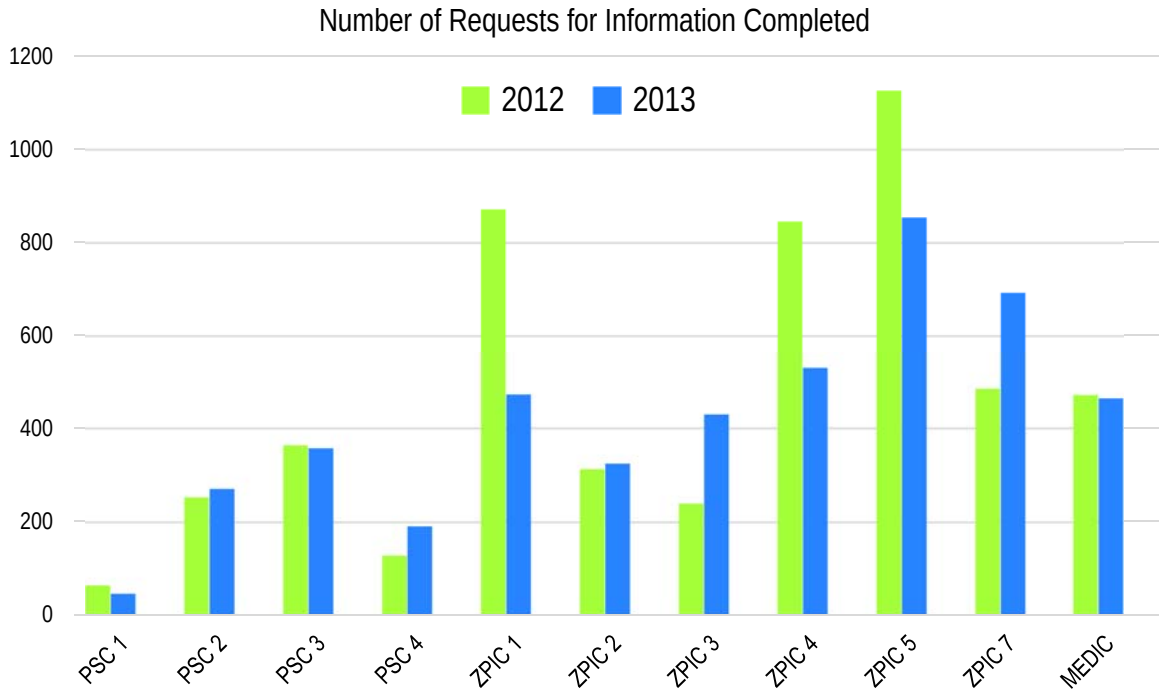
[1] The MEDIC workload statistics include the number of requests for information received from OIG, the Department of Justice (DOJ), and other entities, but they do not include the number of requests for information completed for entities other than OIG and DOJ. The MEDIC received 1 request for information from an entity other than DOJ or OIG in 2012 and 11 requests in 2013.

[2] The number of requests for information completed is not a subset of the number received because the request may have been made in a year prior to the one in which it was completed.

Requests for Information, Received and Completed, by Contractor

Figure 24: The number of requests for information, received and completed, decreased for nearly half of contractors from 2012 to 2013.[1]





Source: OIG analysis of 2012 and 2013 CMS ARTS data and MEDIC workload statistics.

[1] The number of requests for information completed is not a subset of the number received because the request may have been made in a year prior to the one in which it was completed.

OVERPAYMENTS

Highlight

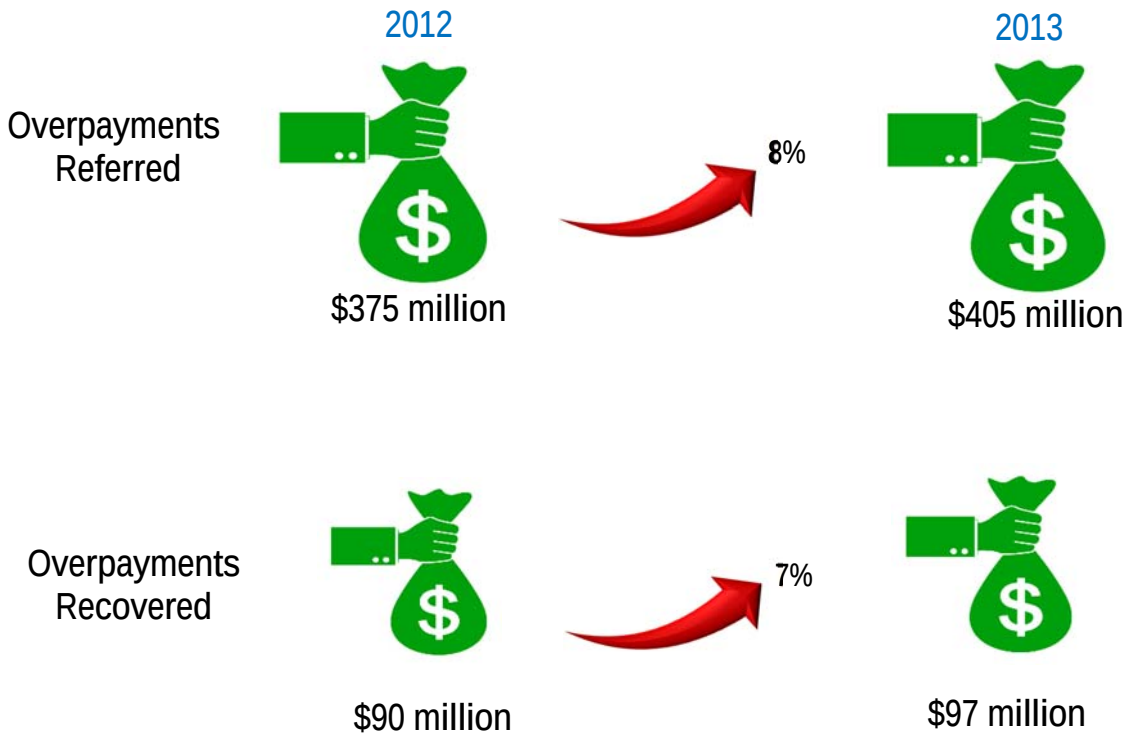
Both the amount of overpayments PSCs and ZPICs referred and the amount of overpayments recovered increased from 2012 to 2013.

Workload Activity

PSCs and ZPICs refer overpayments identified through investigations and cases to Medicare Administrative Contractors (MACs) for collection. The MACs are responsible for collecting the overpayments from providers and reporting the amount recovered to the PSCs and ZPICs.

Overpayments Referred and Recovered

Figure 25: The amount of overpayments that PSCs and ZPCs referred and that MACs recovered increased, by 8 percent and 7 percent respectively, from 2012 to 2013.[1, 2]



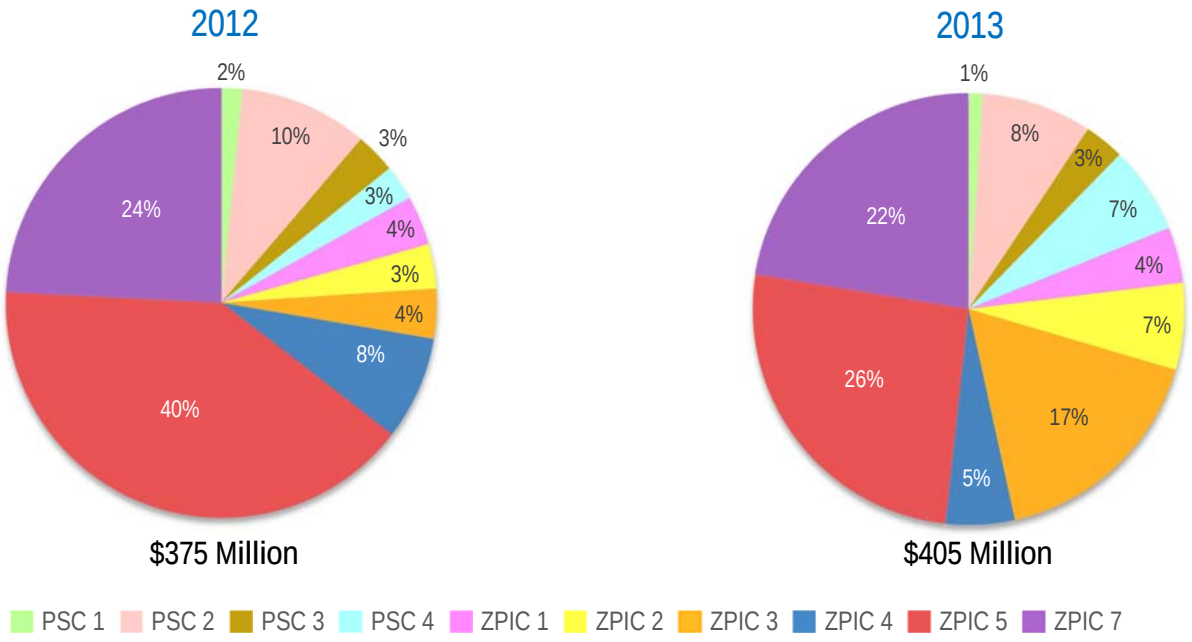
Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] The amount of overpayments recovered may not be a subset of the amount referred because the referral may have been made in a year prior to the one in which the overpayment was recovered.

[2] Using the rounded numbers of $90 million and $97 million for overpayments recovered, the percentage increase is 8 percent. Using the numbers $90,076,306 and $96,694,400, the percentage increase is 7 percent.

Overpayments Referred, by Contractor

Figure 26: ZPICs 5 and 7 accounted for the greatest percentage of overpayment dollars referred in 2012 and 2013.[1]

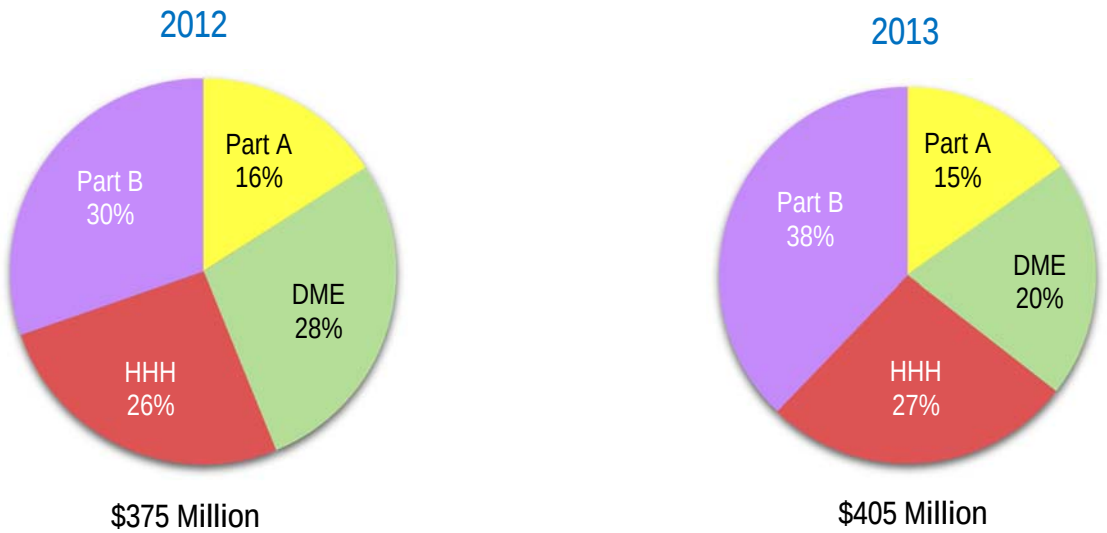


Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] The percentages for 2012 do not total 100 percent because of rounding.

Overpayments Referred, by Service Type

Figure 27: The greatest percentage of overpayment dollars referred by PSCs and ZPICs were for Part B services in both years.[1]

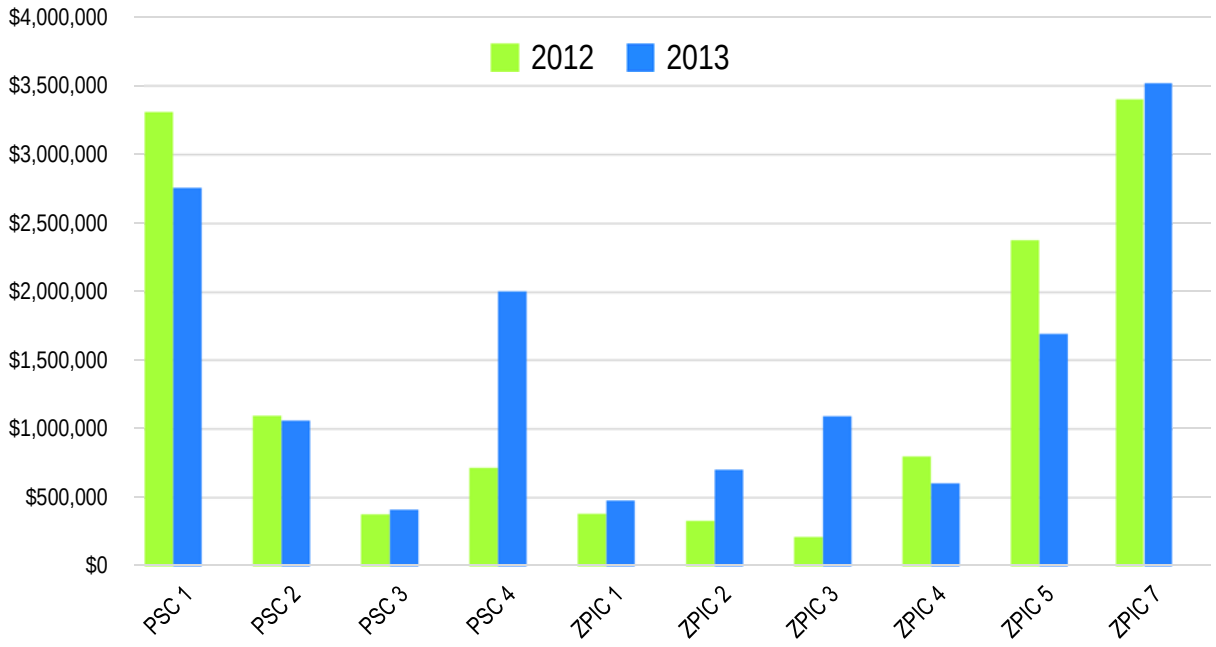


Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] Although DME services are Part B services, they are reported separately in CMS ARTS. For HHH services, ZPICs report these services separately in CMS ARTS, whereas PSCs report them as Part A services.

Amount of Overpayments Referred per $1 Billion in Paid Claims

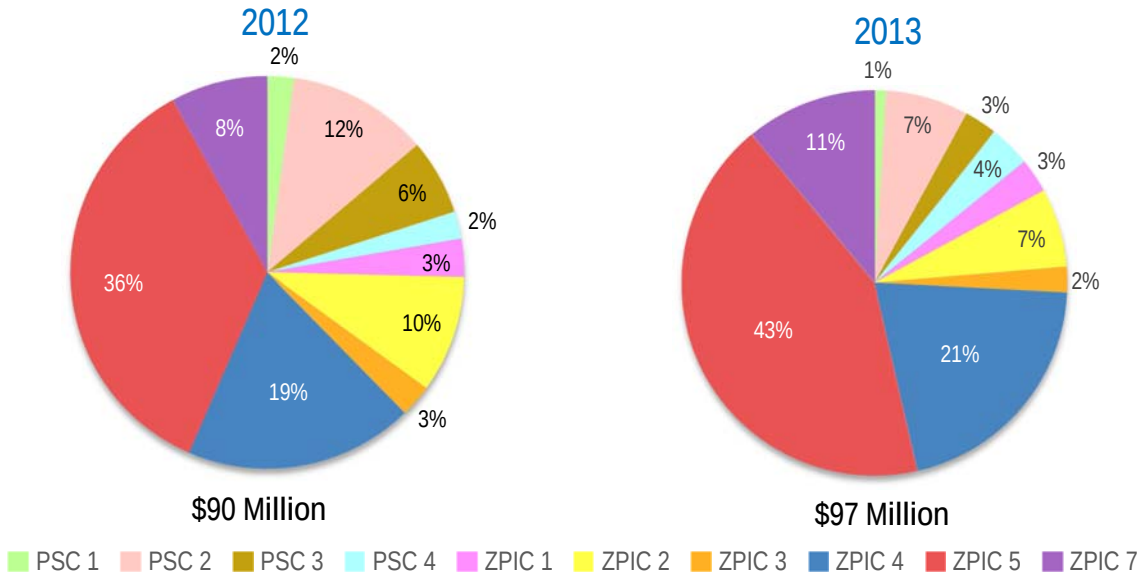
Figure 28: Variation in the amount of overpayments that PSCs and ZPICs referred could not be explained solely by differences in the size of these contractors' respective oversight responsibilities.



Source: OIG analysis of 2012 and 2013 CMS ARTS and contractor oversight data.

Amount of Overpayments Recovered, by Contractor

Figure 29: The greatest percentage of overpayment dollars that MACs recovered was associated with referrals from ZPIC 5 in both 2012 and 2013.[1]



Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] The percentages for 2012 and 2013 do not total 100 percent because of rounding.

REVOCATIONS

Highlight

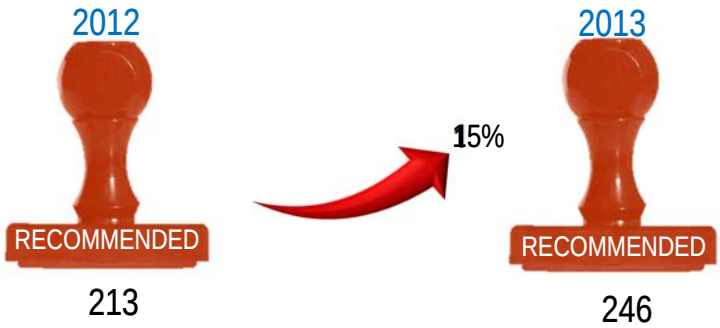
The number of revocations that ZPICs recommended increased by 15 percent from 2012 to 2013.

Workload Activity

PSCs and ZPICs may recommend to CMS that a provider's Medicare billing privileges be revoked. For example, CMS may implement a revocation when the provider has been excluded from participation in any Federal health care program, is not in compliance with enrollment requirements, or has abused his or her billing privileges.

Revocations Recommended

Figure 30: The number of revocations ZPICs recommended increased from 2012 to 2013.[1]

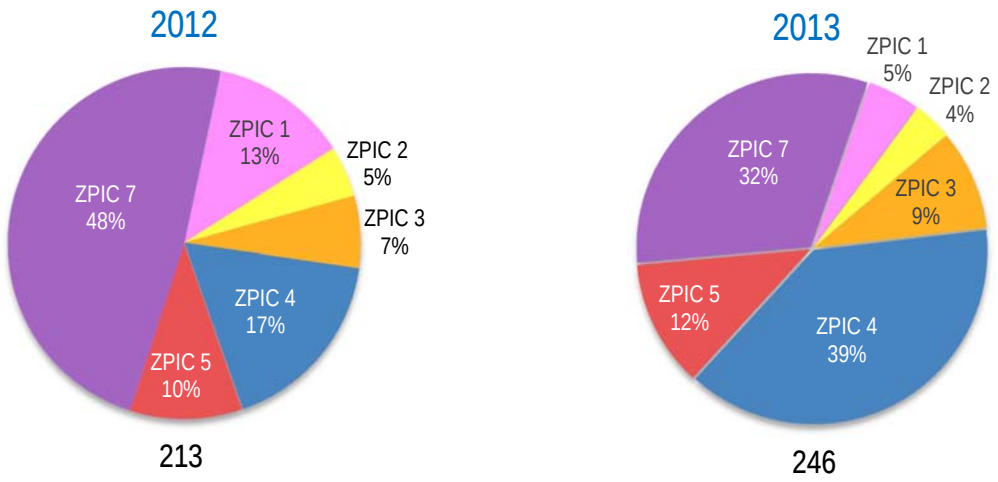


Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] PSCs were not required to report revocations in CMS ARTS.

Revocations Recommended, by ZPIC

Figure 31: ZPIC 4 and ZPIC 7 recommended the greatest percentage of revocations in 2012 and 2013.[1, 2]



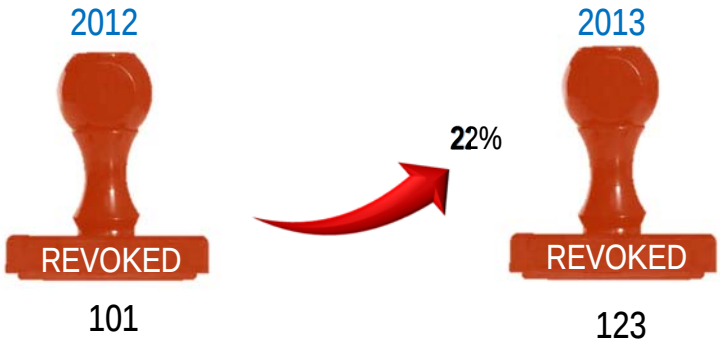
Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] PSCs were not required to report revocations in CMS ARTS.

[2] The percentages for 2013 do not total 100 percent because of rounding.

Revocations Implemented

Figure 32: The number of ZPIC-recommended revocations that were implemented by CMS increased 22 percent from 2012 to 2013.[1]

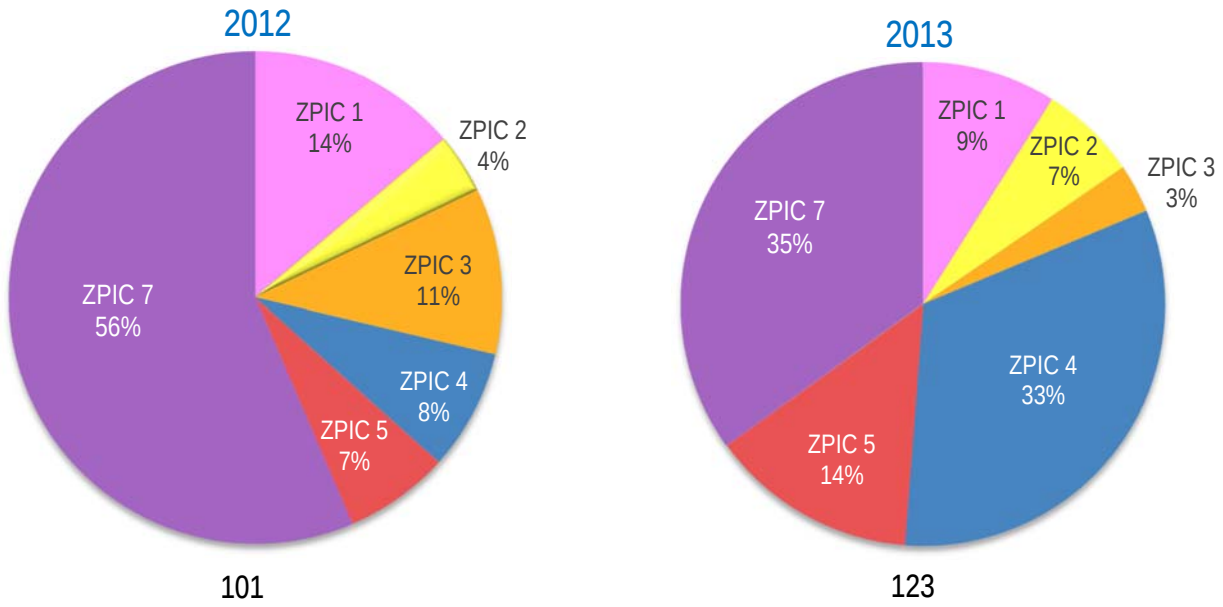


Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] PSCs were not required to report revocations in CMS ARTS.

Revocations Implemented, by Contractor

Figure 33: ZPIC 7 accounted for the greatest percentage of revocations implemented by CMS in 2012 and 2013.[1, 2]



Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] PSCs were not required to report revocations in CMS ARTS.

[2] The percentages for 2013 do not total 100 percent because of rounding.

EXCLUSIONS

Highlight

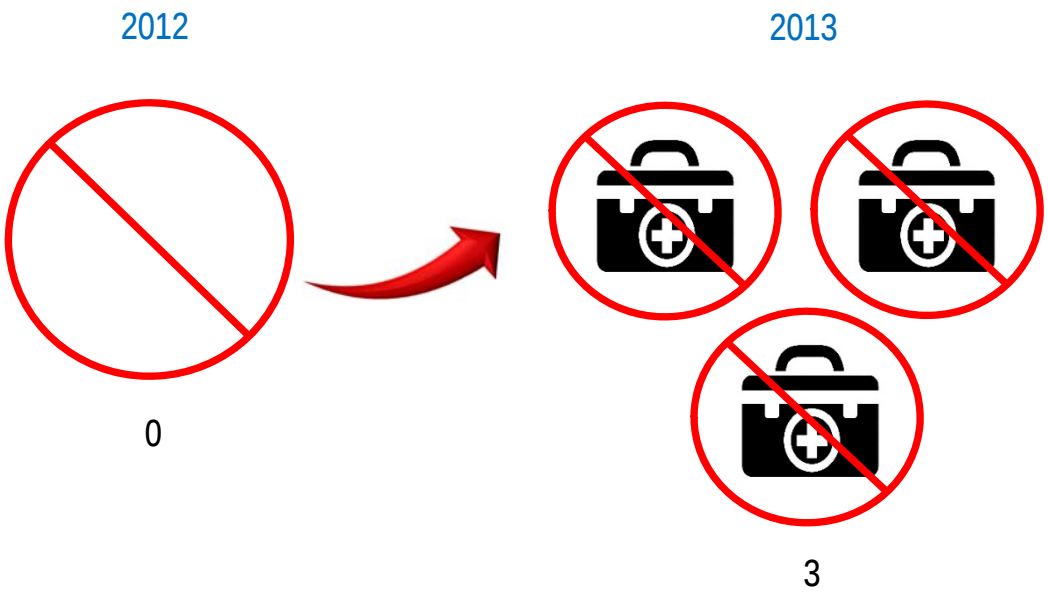
PSCs did not recommend any exclusions in 2012 or 2013; ZPICs recommended zero exclusions in 2012 and three in 2013.

Workload Activity

PSCs and ZPICs may recommend exclusions to OIG. OIG has the authority to exclude providers from participation in all Federal health care programs for convictions related to certain criminal offenses such as Medicare fraud, patient abuse or neglect, or for a number of other offenses.

Exclusions Recommended

Figure 34: PSCs and ZPICs did not recommend any exclusions in 2012. ZPIC 3, ZPIC 5, and ZPIC 7 each recommended one exclusion in 2013.



Source: OIG analysis of 2012 and 2013 CMS ARTS data.

CIVIL MONETARY PENALTIES

Highlight

PSCs and ZPICs recommended four civil monetary penalties (CMPs) in 2012 and 2013 combined.

Workload Activity

PSCs and ZPICs may recommend that CMS or OIG impose CMPs on providers for certain violations, such as presenting a claim that the provider knows is for an item or service that was not provided or that is false and fraudulent.

CMPs Recommended

Figure 35: The number of CMPs recommended increased from one to three from 2012 to 2013. ZPIC 2 recommended one CMP in 2012 and two in 2013. ZPIC 5 recommended one CMP in 2013.

Source: OIG analysis of 2012 and 2013 CMS ARTS data.

PAYMENT SUSPENSIONS

Highlight

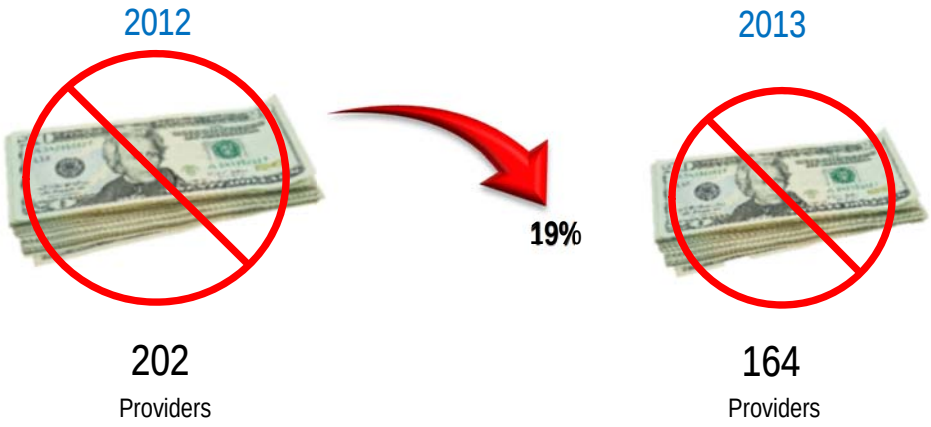
The number of providers that PSCs and ZPICs recommended for payment suspension decreased by 19 percent from 2012 to 2013.

Workload Activity

PSCs and ZPICs may recommend providers to CMS for payment suspension. CMS may suspend payments to providers when there is fraud or willful misrepresentation or when the provider fails to furnish records and other requested information needed to determine the amounts due to the provider.

Payment Suspensions Recommended

Figure 36: The number of providers recommended for payment suspension decreased 19 percent from 2012 to 2013.[1]

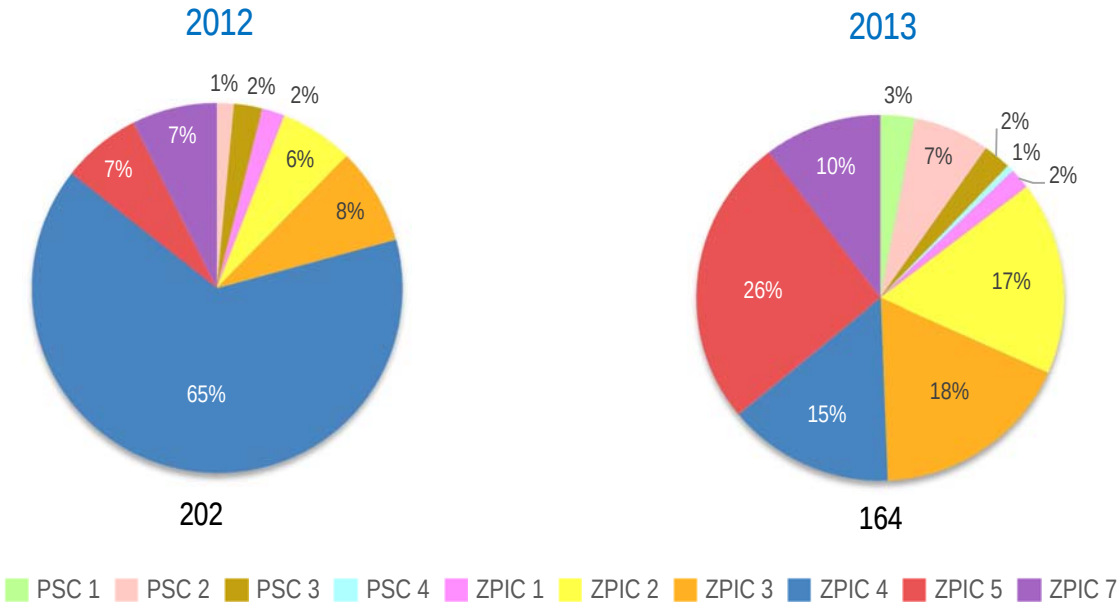


Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] According to CMS, many large-scale investigations led to payment suspensions in 2012.

Payment Suspensions Recommended, by Contractor

Figure 37: ZPIC 4 recommended more than 60 percent of all payment suspensions in 2012, but 15 percent in 2013. PSC 1 and PSC 4 did not recommend any payment suspensions in 2012.[1, 2]



Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] The percentages for 2012 and 2013 do not total 100 percent because of rounding.

[2] According to CMS, ZPIC 4 had a high percentage of payment suspensions in 2012 because of a number of large-scale investigations that were resolved that year.

Payment Suspensions Recommended, by Service Type

Figure 38: In 2012, the majority of payment suspensions recommended were for providers of HHH services. In 2013, the percentage of payment suspensions recommended for providers of HHH services decreased by half from 2012. For the same time period, the percentage of payment suspensions recommended for providers of Part B services nearly doubled. [1, 2]

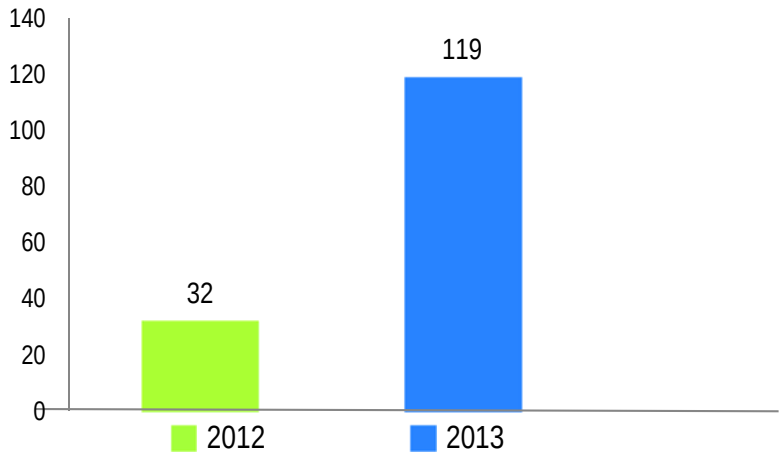
Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] The percentages for 2012 do not total 100 percent because of rounding.

[2] Although DME services are Part B services, they are reported separately in CMS ARTS. For HHH services, ZPICs report these services separately in CMS ARTS, whereas PSCs report them as Part A services.

FPS-Related Payment Suspensions Recommended

Figure 39: The number of FPS-related payment suspensions that PSCs and ZPICs recommended increased by nearly 300 percent from 2012 to 2013.[1, 2]



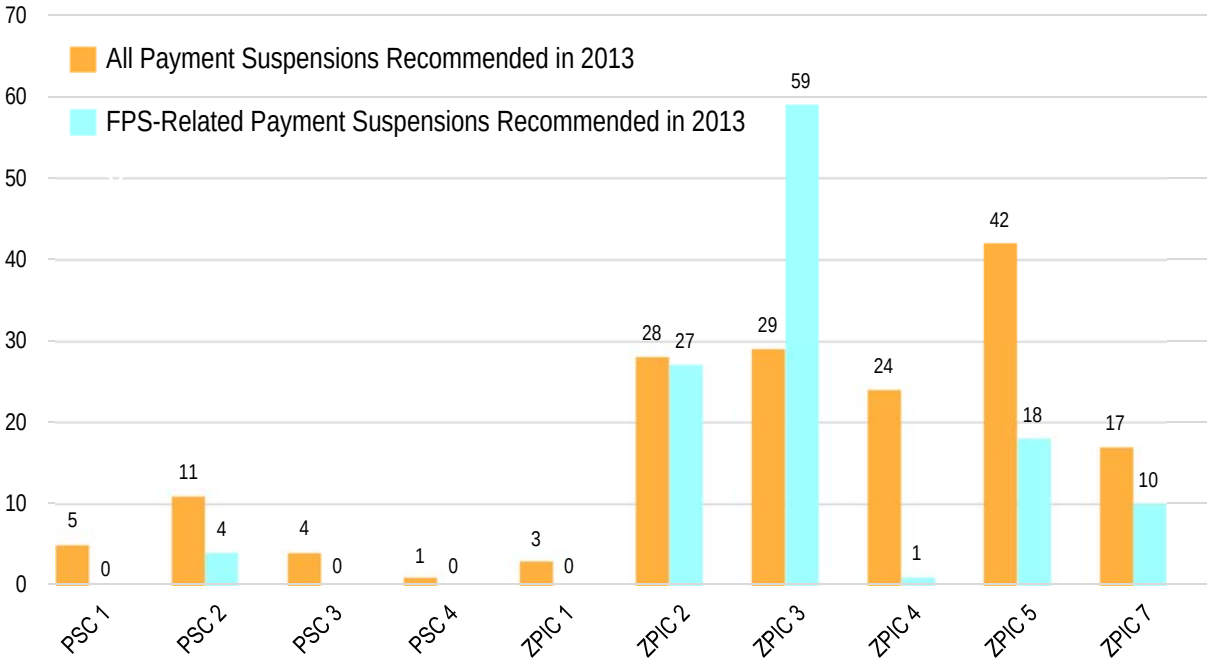
Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] PSCs and ZPICs may have reported the number of FPS-related payment suspensions recommended or the number implemented.

[2] According to CMS, the FPS-related payment suspensions should be a subset of all payment suspensions. However, as shown in Figure 40, one ZPIC reported a greater number of FPS-related payment suspensions than its total number of payment suspensions.

Payment Suspensions and FPS-Related Payment Suspensions Recommended, by Contractor

Figure 40: In the workload statistics, FPS-related payment suspensions should be a subset of all payment suspensions. However, in 2013, one ZPIC reported a greater number of FPS-related payment suspensions than its total number of payment suspensions.[1]



Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] According to CMS, the FPS-related payment suspensions should be a subset of all payment suspensions.

PREPAYMENT MEDICAL REVIEW

Highlight

The number of providers added to prepayment medical review decreased by 50 percent from 2012 to 2013.

Workload Activity

PSCs and ZPICs may request that MACs put claims processing edits in place to identify a provider's claims for prepayment medical review when aberrancies are detected in billing data.

Prepayment Medical Review

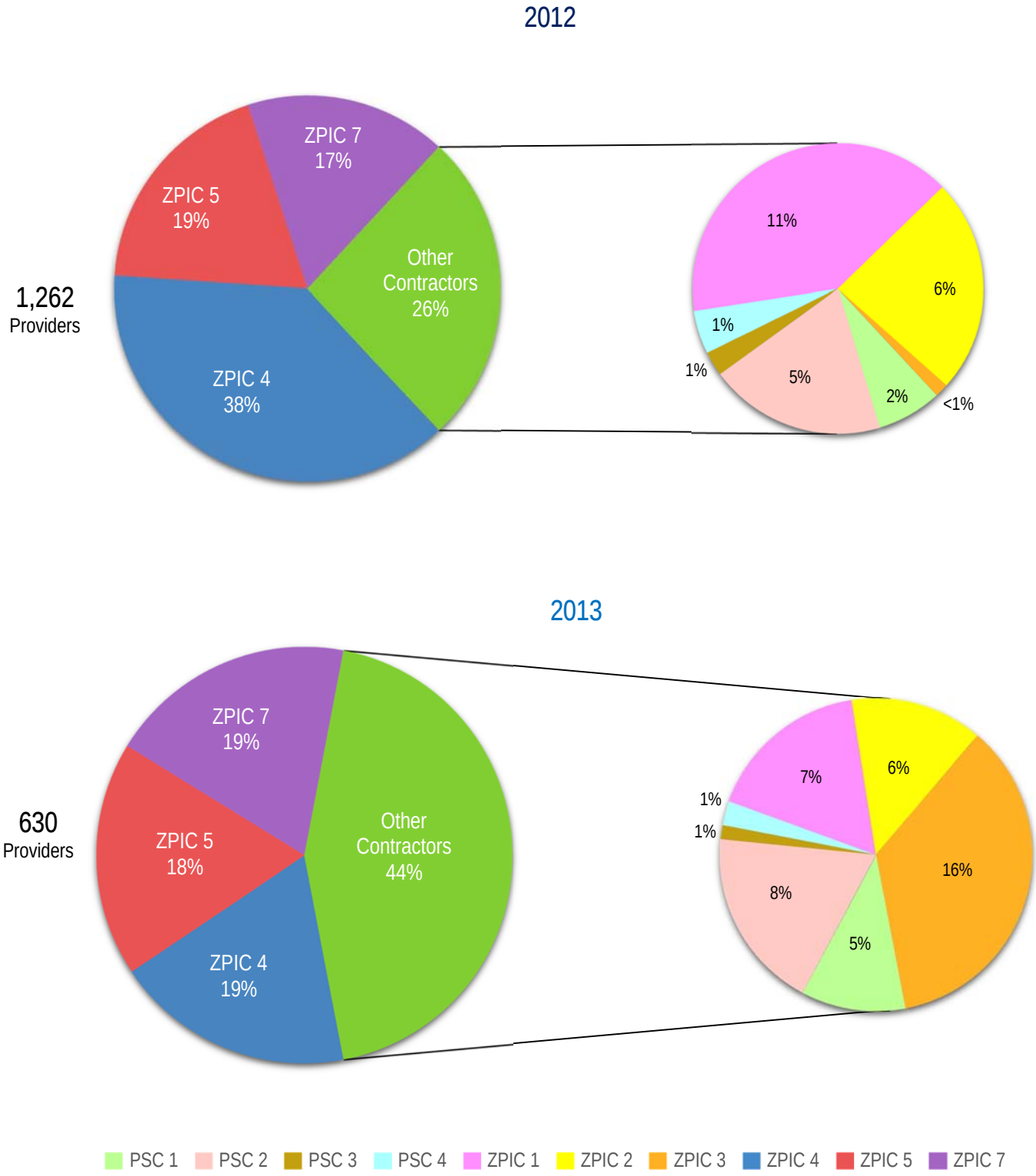
Figure 41: The number of providers added to prepayment medical review decreased by half from 2012 to 2013.[1]

Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] According to CMS, the decrease in prepayment medical review resulted from a complaint-screening pilot that reduced the need to initiate prepayment reviews and an emphasis by CMS to ensure that prepayment reviews were justified before they were established.

Prepayment Medical Review, by Contractor

Figure 42: ZPIC 4, ZPIC 5, and ZPIC 7 had the greatest percentage of providers added to prepayment medical review in 2012 and 2013.[1]

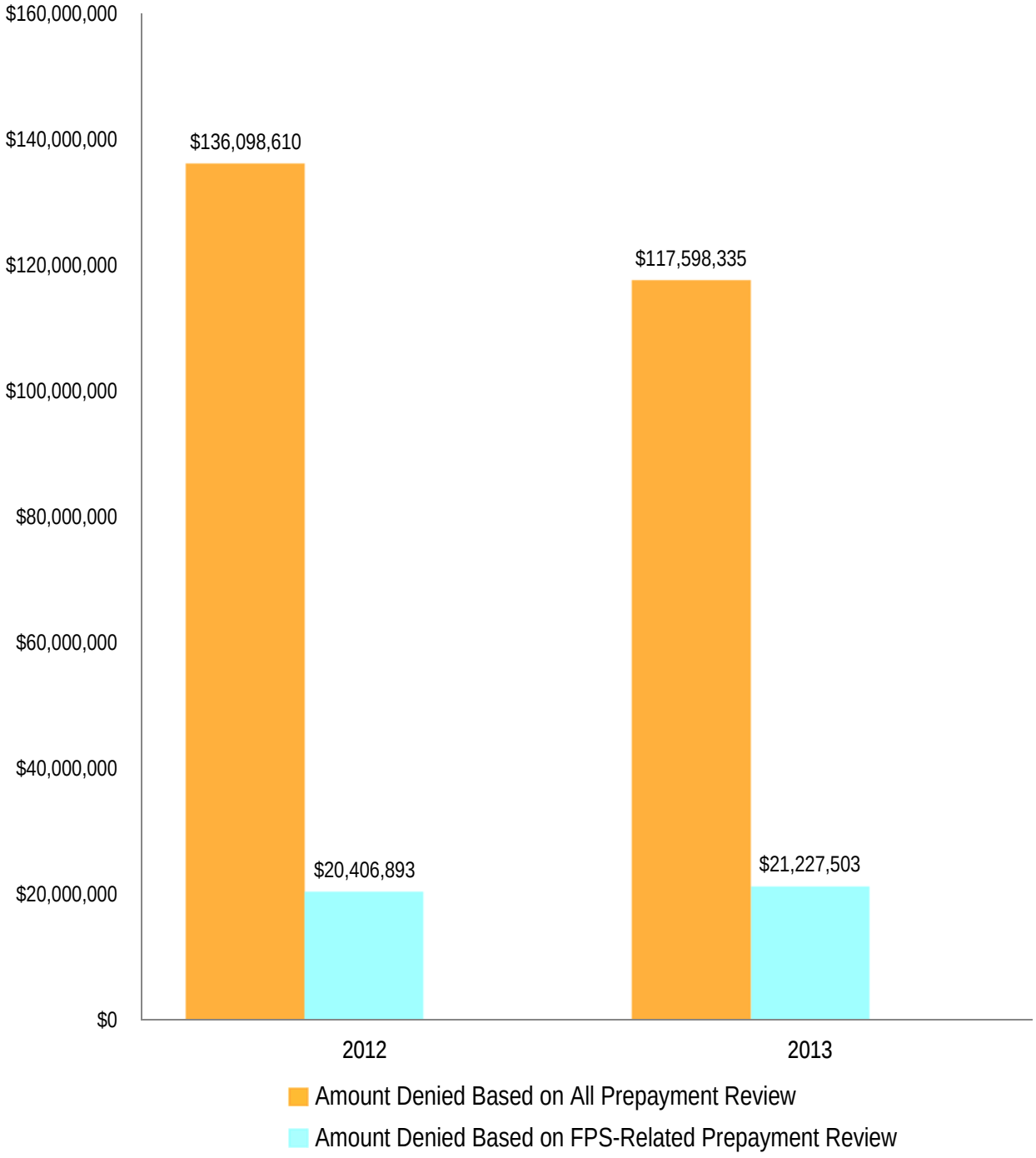


Source: OIG analysis of 2012 and 2013 CMS ARTS data.

[1] The percentages of providers for "Other Contractors" in 2012 do not add up to 26 percent because of rounding.

Amount Denied Based on All Prepayment Medical Review and FPS-Related Prepayment Medical Review

Figure 43: The amount denied based on all prepayment medical review decreased from 2012 to 2013. However, the amount denied based on FPS-related prepayment medical review increased slightly.



Source: OIG analysis of 2012 and 2013 CMS ARTS data.

AUTO-DENY EDITS

Highlight

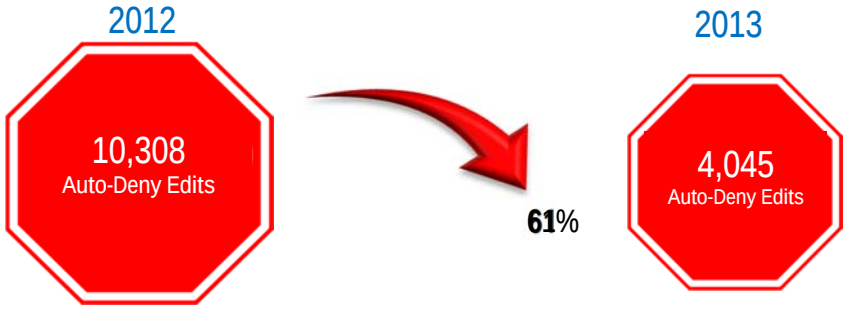
The number of new auto-deny edits that PSCs and ZPICs recommended decreased by nearly two-thirds from 2012 to 2013.

Workload Activity

Auto-deny edits prevent payment for services that are not covered, incorrectly coded, or inappropriately billed. PSCs and ZPICs recommend auto-deny edits to the MACs for implementation.

Auto-Deny Edits Recommended

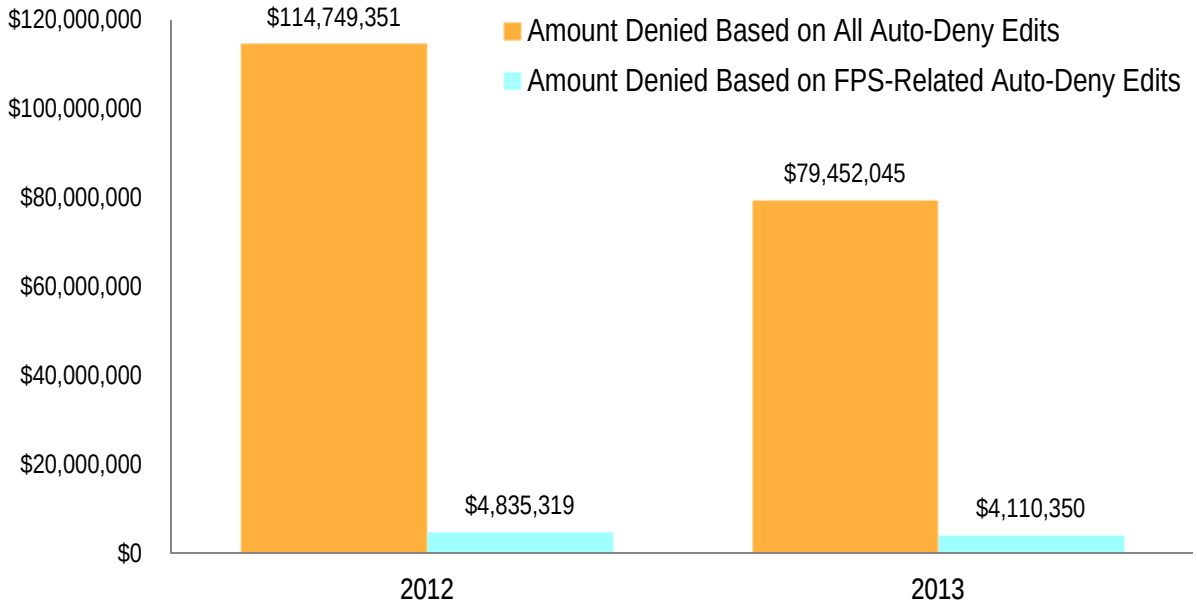
Figure 44: The number of new auto-deny edits recommended decreased 61 percent from 2012 to 2013.



Source: OIG analysis of 2012 and 2013 CMS ARTS data.

Amount Denied Based on All Auto-Deny Edits and FPS-Related Auto-Deny Edits

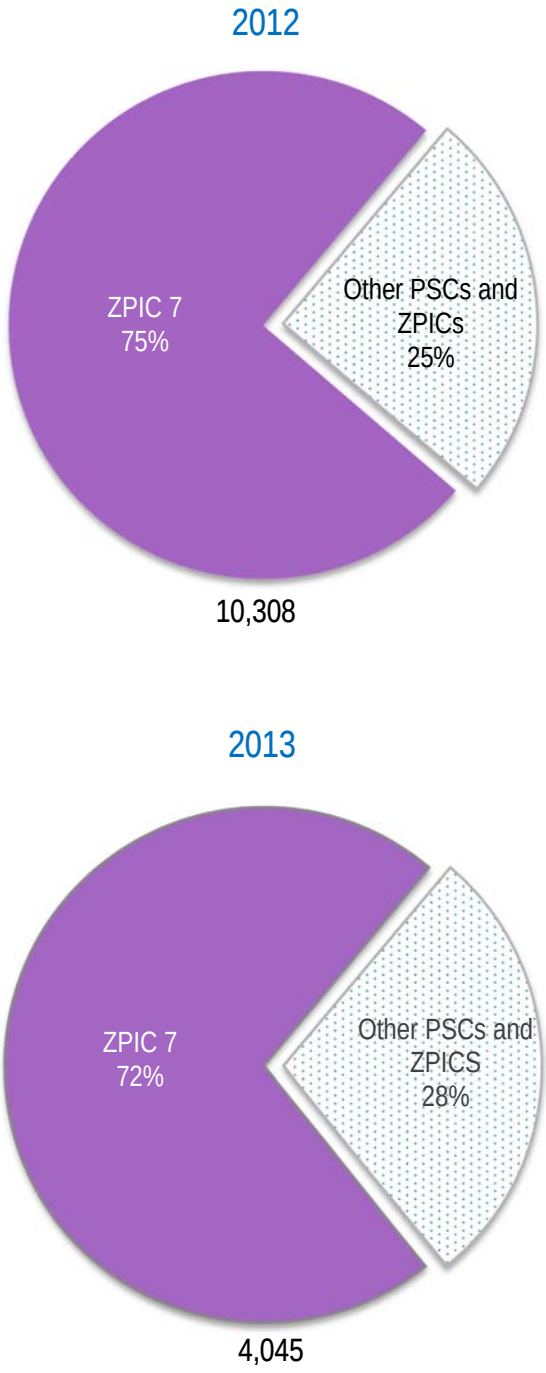
Figure 45: The amount denied based on all PSC and ZPIC recommended auto-deny edits and based on FPS-related auto-deny edits decreased from 2012 to 2013.



Source: OIG analysis of 2012 and 2013 CMS ARTS data.

Auto-Deny Edits Recommended, by Contractor

Figure 46: ZPIC 7 recommended over 70 percent of all auto-deny edits in both 2012 and 2013.



Source: OIG analysis of 2012 and 2013 CMS ARTS data.

APPENDIX B: WORKLOAD STATISTICS BY CONTRACTOR

Benefit integrity contractors report monthly workload statistics to CMS. Figure 47 provides workload statistics associated with each contractor for calendar years 2012 and 2013 as well as the minimum (MIN), maximum (MAX), and median value for each workload statistic. All of the contractors report the same statistics, with some exceptions. For example, in 2012 and 2013, CMS did not require PSCs to report the number of revocations they recommended. Also, the MEDIC does not recommend administrative actions such as revocations, exclusions, civil monetary penalties, payment suspensions, prepayment medical reviews, or auto-deny edits. The MEDIC also does not separately report activities that are based on proactive leads. Additionally, the MEDIC does not refer overpayments for collection and does not conduct Fraud Prevention System (FPS)-related investigations.

Figure 47: Benefit Integrity Contractors' 2012 and 2013 Workload Statistics

Contractor	Number of Investigations		Percentage of Investigations Based on Proactive Leads		Percentage of FPS-Related Investigations		Number of Proactive Projects		Number of Immediate Advisements	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
PSC 1	115	135	13%	19%	4%	6%	1	1	11	5
PSC 2	348	259	11%	18%	5%	14%	43	88	118	45
PSC 3	339	313	2%	7%	10%	13%	11	13	55	8
PSC 4	226	177	13%	5%	3%	19%	0	9	28	3
ZPIC 1	609	290	3%	4%	13%	27%	94	70	34	10
ZPIC 2	571	239	12%	5%	18%	62%	32	33	95	43
ZPIC 3[1]	710	875	1%	1%	3%	3%	4	28	164	123
ZPIC 4	385	348	11%	20%	22%	14%	1	5	0	0
ZPIC 5	1,881	442	<1%	23%	9%	46%	5	23	233	138
ZPIC 7	1,119	816	23%	21%	5%	31%	50	101	213	94
MEDIC	1,894	1,349	NA	NA	NA	NA	18	49	202	171
TOTAL	8,197	5,243	8%	12%	9%	23%	259	420	1,153	640
MIN	115	135	<1%	1%	3%	3%	0	1	0	0
MAX	1,894	1,349	23%	23%	22%	62%	94	101	233	171
MEDIAN	571	313	11%	13%	7%	16%[2]	11	28	95	43

Continued on next page

Figure 47: Benefit Integrity Contractors' 2012 and 2013 Workload Statistics (Continued)

Contractor	Number of Case Referrals		Amount Associated with Case Referrals		Number of Cases Accepted		Number of Requests for Information, Received		Number of Requests for Information, Completed	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
PSC 1	5	15	$2,872,548	$3,999,452	2	6	57	39	65	46
PSC 2	20	18	$25,333,789	$20,554,539	11	15	244	273	256	271
PSC 3	10	12	$3,349,368	$4,683,687	4	8	380	342	366	357
PSC 4	1	2	$28,667	$0	0	1	126	196	130	191
ZPIC 1	18	14	$16,782,312	$7,355,505	16	11	831	463	872	472
ZPIC 2	94	28	$55,887,049	$62,408,253	50	25	253	360	315	324
ZPIC 3[1]	2	6	$3,474,596	$779,376	5	5	274	417	243	429
ZPIC 4	87	99	$174,383,335	$186,099,736	32	33	876	523	846	529
ZPIC 5	72	35	$52,067,827	$3,041,859	24	32	1,088	856	1,126	854
ZPIC 7	30	26	$15,130,018	$41,660,048	14	12	443	689	487	692
MEDIC	429[3]	384[3]	NA[4]	NA[4]	274	237	470	489	473	464
TOTAL	768	639	$349,309,509	$330,582,455	432	385	5,042	4,647	5,179	4,629
MIN	1	2	$28,667	$0	0	1	57	39	65	46
MAX	429	384	$174,383,335	$186,099,736	274	237	1,088	856	1,126	854
MEDIAN	20	18	$15,956,165	$6,019,596	14	12	380	417	366	429

Continued on next page

Figure 47: Benefit Integrity Contractors' 2012 and 2013 Workload Statistics (Continued)

Contractor	Amount of Overpayments Referred		Amount of Overpayments Recovered	
	2012	2013	2012	2013
PSC 1	$6,003,840	$4,289,702	$1,966,172	$926,017
PSC 2	$36,132,797	$33,496,806	$10,443,363	$6,729,556
PSC 3	$11,376,694	$12,178,748	$5,615,388	$2,642,464
PSC 4	$9,950,243	$26,595,400	$2,037,924	$3,400,024
ZPIC 1	$13,858,237	$16,892,314	$2,825,043	$2,785,678
ZPIC 2	$12,602,608	$26,341,201	$8,654,999	$6,397,790
ZPIC 3[1]	$14,011,756	$68,909,038	$2,402,562	$2,091,536
ZPIC 4	$29,269,446	$20,891,102	$16,948,585	$19,904,797
ZPIC 5	$151,368,715	$104,837,518	$32,004,481	$41,156,043
ZPIC 7	$90,861,223	$90,883,843	$7,177,789	$10,660,495
MEDIC	NA	NA	NA	NA
TOTAL	$375,435,559	$405,315,672	$90,076,306	$96,694,400
MIN	$6,003,840	$4,289,702	$1,966,172	$926,017
MAX	$151,368,715	$104,837,518	$32,004,481	$41,156,043
MEDIAN	$13,934,997	$26,468,301	$6,396,589	$4,898,907

Continued on next page

Figure 47: Benefit Integrity Contractors' 2012 and 2013 Workload Statistics (Continued)

Contractor	Number of Revocations Recommended		Number of Revocations Implemented		Number of All Payment Suspensions Recommended		Number of FPS-Related Payment Suspensions Recommended	
	2012	2013	2012	2013	2012	2013	2012	2013
PSC 1	NA[5]	NA[5]	NA[5]	NA[5]	0	5	0	0
PSC 2	NA[5]	NA[5]	NA[5]	NA[5]	3	11	0	4
PSC 3	NA[5]	NA[5]	NA[5]	NA[5]	5	4	0	0
PSC 4	NA[5]	NA[5]	NA[5]	NA[5]	0	1	0	0
ZPIC 1	27	12	14	11	4	3	4	0
ZPIC 2	10	9	4	8	13	28	1	27
ZPIC 3[1]	14	23	11	4	17	29[6]	6	59[6]
ZPIC 4	37	95	8	40	131	24	9	1
ZPIC 5	22	29	7	17	14	42	9	18
ZPIC 7	103	78	57	43	15	17	3	10
MEDIC	NA	NA	NA	NA	NA	NA	NA	NA
TOTAL	213	246	101	123	202	164	32	119
MIN	10	9	4	4	0	1	0	0
MAX	103	95	57	43	131	42	9	59
MEDIAN	25	26	10	14	9	14	2	3

Continued on next page

Figure 47: Benefit Integrity Contractors' 2012 and 2013 Workload Statistics (Continued)

Contractor	Number of Providers Added to Prepayment Medical Review		Amount Denied Based on All Prepayment Medical Review		Amount Denied Based on FPS-Related Prepayment Medical Review	
	2012	2013	2012	2013	2012	2013
PSC 1	24	30	$851,723	$1,286,813	$48,307	$468,530
PSC 2	65	52	$22,240,988	$13,421,156	$1,754,136	$1,872,006
PSC 3	9	4	$5,814,314	$1,398,447	$4,015,316	$1,324,698
PSC 4	16	7	$6,527,087	$1,847,147	$3,543,363	$705
ZPIC 1	133	47	$22,230,327	$13,005,518	$2,913,219	$7,438,092
ZPIC 2	79	38	$4,755,871	$3,498,475	$2,342,503	$2,476,955
ZPIC 3[1]	5	99	$538,420	$394,074	$0	$50,033
ZPIC 4	479	117	$19,483,834	$8,817,913	$1,387,257	$67,341
ZPIC 5	239	115	$10,882,299	$16,526,752	$730,244	$3,219,903
ZPIC 7	213	121	$42,773,747	$57,402,040	$3,672,548	$4,309,240
MEDIC	NA	NA	NA	NA	NA	NA
TOTAL	1,262	630	$136,098,610	$117,598,335	$20,406,893	$21,227,503
MIN	5	4	$538,420	$394,074	$0	$705
MAX	479	121	$42,773,747	$57,402,040	$4,015,316	$7,438,092
MEDIAN	72	50	$8,704,693	$6,158,194	$2,048,320	$1,598,352

Continued on next page

Figure 47: Benefit Integrity Contractors' 2012 and 2013 Workload Statistics (Continued)

Contractor	Number of Auto-Deny Edits Recommended		Amount Denied Based on All Auto-Deny Edits		Amount Denied Based on FPS-Related Auto-Deny Edits	
	2012	2013	2012	2013	2012	2013
PSC 1	4	80	$11,601,484	$10,950,073	$1,538	$19,657
PSC 2	697	1	$4,519,355	$1,695,724	$0	$0
PSC 3	0	0	$1,203,457	$535,651	$0	$0
PSC 4	86	87	$1,519,575	$1,524,352	$0	$0
ZPIC 1	34	16	$19,592,323	$22,924,720	$1,673,484	$2,069,685
ZPIC 2	46	10	$47,195	$646,857	$2,156	$607,003
ZPIC 3[1]	0	4	$133,307	$3,438,102	$0	$0
ZPIC 4	397	234	$19,026,350	$4,737,405	$493,466	$31,158
ZPIC 5	1,329	703	$21,091,354	$4,709,872	$147	$1
ZPIC 7	7,715	2,910	$36,014,951	$28,289,289	$2,664,528	$1,382,846
MEDIC	NA	NA	NA	NA	NA	NA
TOTAL	10,308	4,045	$114,749,351	$79,452,045	$4,835,319	$4,110,350
MIN	0	0	$47,195	$535,651	$0	$0
MAX	7,715	2,910	$36,014,951	$28,289,289	$2,664,528	$2,069,685
MEDIAN	66	48	$8,060,420	$4,073,987	$843	$9,829

Continued on next page

Figure 47: Benefit Integrity Contractors' 2012 and 2013 Workload Statistics

Contractor	Number of Exclusions Recommended		Number of Civil Monetary Penalties Recommended	
	2012	2013	2012	2013
PSC 1	0	0	0	0
PSC 2	0	0	0	0
PSC 3	0	0	0	0
PSC 4	0	0	0	0
ZPIC 1	0	0	0	0
ZPIC 2	0	0	1	2
ZPIC 3[1]	0	1	0	0
ZPIC 4	0	0	0	0
ZPIC 5	0	1	0	1
ZPIC 7	0	1	0	0
MEDIC	NA	NA	NA	NA
TOTAL	0	3	1	3
MIN	0	0	0	0
MAX	0	1	1	2
MEDIAN	0	0	0	0

Source: OIG analysis of 2012 and 2013 CMS ARTS data and MEDIC workload statistics.

[1] In the beginning of 2012, ZPIC 3 was transitioning into its oversight responsibility. Therefore, ZPIC 3 has only 8 months of workload statistics for 2012.

[2] Using the rounded percentages provided in the figure, the median would be 17 percent rather than the actual median of 16 percent.

[3] The MEDIC included immediate advisements in its number of case referrals reported to CMS.

[4] The MEDIC reports the potential dollar impact of cases to CMS instead of the amount associated with case referrals which the PSCs/ ZPICs report. These dollar amounts are calculated in different ways. The MEDIC reported $973,175,159 as the potential dollar impact of cases in 2012 and $5,845,700,034 in 2013.

[5] PSCs were not required to report revocations in CMS ARTS.

[6] According to CMS, the number of FPS-related payment suspensions recommended should be a subset of the number of payment suspensions recommended. However, because 59 is not a subset of 29, this raises a question about the accuracy of the data reported.

APPENDIX C: RANKING OF CONTRACTORS' OVERSIGHT RESPONSIBILITY AND WORKLOAD STATISTICS

In this appendix, we provide information on the amounts paid by CMS to each benefit integrity contractor, as well as each contractor's oversight responsibility and workload results. To allow for comparisons of benefit integrity activities across contractors in 2012 and 2013, we calculated rankings for each workload statistic based on the amount of paid claims/expenditures in a contractor's jurisdiction. These rankings are based only on the numeric measures reported for the workload statistics. We did not assess the quality of work performed by the contractors when determining the rankings. Appendix D provides more detail on our methodology.

We reviewed 11 benefit integrity contractors: six ZPICs that oversee Parts A and B, Durable Medical Equipment (DME), and Home Health and Hospice (HHH) in each of their zones; four PSCs that oversee varying service types within their coverage area; and the MEDIC that oversees Parts C and D nationwide. The number of contractors that reported certain workload statistics does not equal 11, as described in Figure 48 below.

Figure 48: Some Contractors Are Not Required To Report Certain Workload Statistics

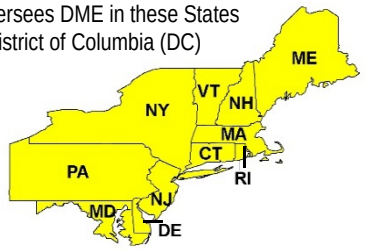
Workload Statistic	Number of Contractors Reporting	Reason Contractor Does Not Report
Percentage of Investigations Based on Proactive Leads	10	The MEDIC is excluded; this information is not captured in the MEDIC's workload statistics.
Percentage of FPS-Related Investigations	10	The MEDIC is excluded; FPS applies to Part A and Part B fee-for-service claims, not Parts C and D.
Amount Associated with Case Referrals	10	The MEDIC is excluded; it reports the potential dollar impact of cases.
Administrative Actions, Including Overpayments, Payment Suspensions, Providers Added to Prepayment Medical Review, and Auto-Deny Edits	10	The MEDIC is excluded; it does not recommend these administrative actions.
Revocations	6	The MEDIC is excluded; it does not recommend this administrative action. In addition, the four PSCs are excluded; they were not required to report revocations in CMS ARTS.

Source: OIG analysis of PSC and ZPIC workload definitions and MEDIC workload statistics.

PSC 1

OVERSIGHT RESPONSIBILITY AND AMOUNT PAID[1]

PSC 1 oversees DME in these States and the District of Columbia (DC)



Oversight Responsibility and Amount Paid to Contractor	2012	Rank in 2012	2013	Rank in 2013
Amount of Paid Claims in Jurisdiction	$1,814,944,428	11	$1,555,687,942	11
Number of Claims in Jurisdiction	11,640,641	10	10,768,163	10
Amount Paid to Contractor	$4,181,228	11	$4,160,076	11

WORKLOAD STATISTICS[1]

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Investigations	115	1	135	1
Percentage of Investigations Based on Proactive Leads	13%	1	19%	1
Percentage of FPS-Related Investigations	4%	1	6%	1
Number of Proactive Projects	1	5	1	6
Number of Immediate Advisements	11	2	5	2
Number of Case Referrals	5	1	15	1
Amount Associated with Case Referrals	$2,872,548	2	$3,999,452	2
Number of Cases Accepted	2	3	6	1
Number of Requests for Information, Received	57	1	39	2
Number of Requests for Information, Completed	65	1	46	1
Amount of Overpayments Referred	$6,003,840	2	$4,289,702	2
Amount of Overpayments Recovered	$1,966,172	1	$926,017	2

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Revocations Recommended	NA	NA	NA	NA
Number of Revocations Implemented	NA	NA	NA	NA
Number of All Payment Suspensions Recommended	0	9	5	1
Number of FPS-Related Payment Suspensions Recommended	0	7	0	7
Number of Auto-Deny Edits Recommended	4	6	80	2
Amount Denied Based on All Auto-Deny Edits	$11,601,484	1	$10,950,073	1
Amount Denied Based on FPS-Related Auto-Deny Edits	$1,538	4	$19,657	4
Number of Providers Added to Prepayment Medical Review	24	2	30	1
Amount Denied Based on All Prepayment Medical Review	$851,723	6	$1,286,813	2
Amount Denied Based on FPS-Related Prepayment Medical Review	$48,307	8	$468,530	1

[1] For these data, "1" is the highest rank. The rankings are based on 11 contractors, where applicable. To determine the individual workload statistic ranks, we calculated the contractor's workload result per $1 billion in paid claims. The rankings are based only on the numeric measures reported for the workload statistics; we did not assess the quality of work performed by the contractors when determining the rankings.

PSC 2

OVERSIGHT RESPONSIBILITY AND AMOUNT PAID[1]

PSC 2 oversees Parts A and B in these States

Oversight Responsibility and Amount Paid to Contractor	2012	Rank in 2012		Rank in 2013
Amount of Paid Claims in Jurisdiction	$32,755,864,765	7	$31,590,344,161	7
Number of Claims in Jurisdiction	98,661,865	5	96,386,017	5
Amount Paid to Contractor	$8,139,871	7	$9,031,506	7

WORKLOAD STATISTICS[1]

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Investigations	348	10	259	8
Percentage of Investigations Based on Proactive Leads	11%	4	18%	4
Percentage of FPS-Related Investigations	5%	8	14%	8
Number of Proactive Projects	43	3	88	2
Number of Immediate Advisements	118	4	45	5
Number of Case Referrals	20	7	18	6
Amount Associated with Case Referrals	$25,333,789	5	$20,554,539	5
Number of Cases Accepted	11	8	15	6
Number of Requests for Information, Received	244	8	273	9
Number of Requests for Information, Completed	256	9	271	9
Amount of Overpayments Referred	$36,132,797	4	$33,496,806	6
Amount of Overpayments Recovered	$10,443,363	4	$6,729,556	6

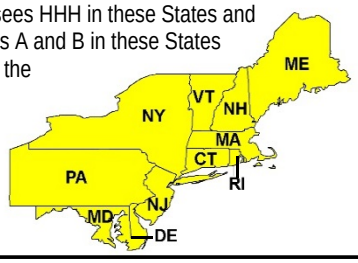
Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Revocations Recommended	NA	NA	NA	NA
Number of Revocations Implemented	NA	NA	NA	NA
Number of All Payment Suspensions Recommended	3	8	11	7
Number of FPS-Related Payment Suspensions Recommended	0	7	4	5
Number of Auto-Deny Edits Recommended	697	2	1	9
Amount Denied Based on All Auto-Deny Edits	$4,519,355	6	$1,695,724	8
Amount Denied Based on FPS-Related Auto-Deny Edits	$0	7	$0	6
Number of Providers Added to Prepayment Medical Review	65	7	52	5
Amount Denied Based on All Prepayment Medical Review	$22,240,988	2	$13,421,156	3
Amount Denied Based on FPS-Related Prepayment Medical Review	$1,754,136	6	$1,872,006	5

[1] For these data, "1" is the highest rank. The rankings are based on 11 contractors, where applicable. To determine the individual workload statistic ranks, we calculated the contractor's workload result per $1 billion in paid claims. The rankings are based only on the numeric measures reported for the workload statistics; we did not assess the quality of work performed by the contractors when determining the rankings.

PSC 3

OVERSIGHT RESPONSIBILITY AND AMOUNT PAID[1]

PSC 3 oversees HHH in these States and DC and Parts A and B in these States and DC with the exception of NJ, NY, and PA



Oversight Responsibility and Amount Paid to Contractor	2012	Rank in 2012	2013	Rank in 2013
Amount of Paid Claims in Jurisdiction	$29,750,869,643	8	$29,554,086,368	8
Number of Claims in Jurisdiction	85,729,052	7	86,658,779	7
Amount Paid to Contractor	$7,396,392	8	$8,162,781	9

WORKLOAD STATISTICS[1]

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Investigations	339	7	313	5
Percentage of Investigations Based on Proactive Leads	2%	7	7%	7
Percentage of FPS-Related Investigations	10%	5	13%	7
Number of Proactive Projects	11	6	13	8
Number of Immediate Advisements	55	8	8	9
Number of Case Referrals	10	9	12	8
Amount Associated with Case Referrals	$3,349,368	8	$4,683,687	7
Number of Cases Accepted	4	9	8	9
Number of Requests for Information, Received	380	6	342	7
Number of Requests for Information, Completed	366	6	357	7
Amount of Overpayments Referred	$11,376,694	8	$12,178,748	10
Amount of Overpayments Recovered	$5,615,388	7	$2,642,464	8

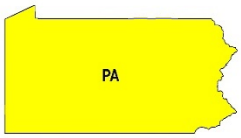
Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Revocations Recommended	NA	NA	NA	NA
Number of Revocations Implemented	NA	NA	NA	NA
Number of All Payment Suspensions Recommended	5	6	4	8
Number of FPS-Related Payment Suspensions Recommended	0	7	0	7
Number of Auto-Deny Edits Recommended	0	9	0	10
Amount Denied Based on All Auto-Deny Edits	$1,203,457	8	$535,651	9
Amount Denied Based on FPS-Related Auto-Deny Edits	$0	7	$0	6
Number of Providers Added to Prepayment Medical Review	9	9	4	10
Amount Denied Based on All Prepayment Medical Review	$5,814,314	7	$1,398,447	9
Amount Denied Based on FPS-Related Prepayment Medical Review	$4,015,316	3	$1,324,698	7

[1] For these data, "1" is the highest rank. The rankings are based on 11 contractors, where applicable. To determine the individual workload statistic ranks, we calculated the contractor's workload result per $1 billion in paid claims. The rankings are based only on the numeric measures reported for the workload statistics; we did not assess the quality of work performed by the contractors when determining the rankings.

PSC 4

OVERSIGHT RESPONSIBILITY AND AMOUNT PAID[1]

PSC 4 oversees Parts A and B in this State



Oversight Responsibility and Amount Paid to Contractor	2012	Rank in 2012	2013	Rank in 2013
Amount of Paid Claims in Jurisdiction	$13,731,774,602	10	$13,258,799,990	10
Number of Claims in Jurisdiction	42,262,387	9	41,503,657	9
Amount Paid to Contractor	$4,328,598	10	$5,216,489	10

WORKLOAD STATISTICS[1]

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Investigations	226	5	177	4
Percentage of Investigations Based on Proactive Leads	13%	2	5%	6
Percentage of FPS-Related Investigations	3%	6	19%	3
Number of Proactive Projects	0	11	9	5
Number of Immediate Advisements	28	7	3	10
Number of Case Referrals	1	10	2	10
Amount Associated with Case Referrals	$28,667	10	$0	10
Number of Cases Accepted	0	11	1	11
Number of Requests for Information, Received	126	7	196	4
Number of Requests for Information, Completed	130	7	191	4
Amount of Overpayments Referred	$9,950,243	6	$26,595,400	3
Amount of Overpayments Recovered	$2,037,924	8	$3,400,024	5

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Revocations Recommended	NA	NA	NA	NA
Number of Revocations Implemented	NA	NA	NA	NA
Number of All Payment Suspensions Recommended	0	9	1	10
Number of FPS-Related Payment Suspensions Recommended	0	7	0	7
Number of Auto-Deny Edits Recommended	86	5	87	5
Amount Denied Based on All Auto-Deny Edits	$1,519,575	7	$1,524,352	5
Amount Denied Based on FPS-Related Auto-Deny Edits	$0	7	$0	6
Number of Providers Added to Prepayment Medical Review	16	8	7	9
Amount Denied Based on All Prepayment Medical Review	$6,527,087	5	$1,847,147	7
Amount Denied Based on FPS-Related Prepayment Medical Review	$3,543,363	1	$705	10

[1] For these data, "1" is the highest rank. The rankings are based on 11 contractors, where applicable. To determine the individual workload statistic ranks, we calculated the contractor's workload result per $1 billion in paid claims. The rankings are based only on the numeric measures reported for the workload statistics; we did not assess the quality of work performed by the contractors when determining the rankings.

ZPIC 1

OVERSIGHT RESPONSIBILITY AND AMOUNT PAID[1]

ZPIC 1 oversees Part A, Part B, DME, and HHH in these States.[2]

Oversight Responsibility and Amount Paid to Contractor	2012	Rank in 2012	2013	Rank in 2013
Amount of Paid Claims in Jurisdiction	$35,863,542,103	6	$35,330,473,103	5
Number of Claims in Jurisdiction	93,590,619	6	91,712,988	6
Amount Paid to Contractor	$10,558,369	6	$11,649,892	5

[2] ZPIC 1 also oversees the U.S. territories of Northern Mariana Islands, American Samoa, and Guam.

WORKLOAD STATISTICS[1]

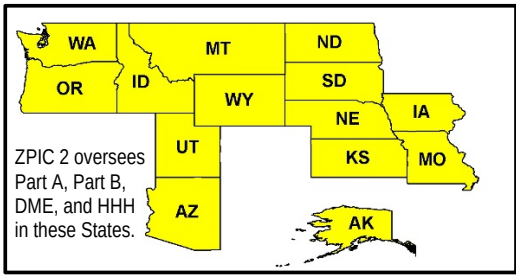
Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Investigations	609	4	290	7
Percentage of Investigations Based on Proactive Leads	3%	8	4%	9
Percentage of FPS-Related Investigations	13%	4	27%	5
Number of Proactive Projects	94	1	70	3
Number of Immediate Advisements	34	10	10	8
Number of Case Referrals	18	8	14	9
Amount Associated with Case Referrals	$16,782,312	7	$7,355,505	6
Number of Cases Accepted	16	6	11	8
Number of Requests for Information, Received	831	3	463	6
Number of Requests for Information, Completed	872	2	472	6
Amount of Overpayments Referred	$13,858,237	7	$16,892,314	9
Amount of Overpayments Recovered	$2,825,043	9	$2,785,678	9

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Revocations Recommended	27	3	12	5
Number of Revocations Implemented	14	2	11	3
Number of All Payment Suspensions Recommended	4	7	3	9
Number of FPS-Related Payment Suspensions Recommended	4	4	0	7
Number of Auto-Deny Edits Recommended	34	8	16	6
Amount Denied Based on All Auto-Deny Edits	$19,592,323	3	$22,924,720	3
Amount Denied Based on FPS-Related Auto-Deny Edits	$1,673,484	2	$2,069,685	1
Number of Providers Added to Prepayment Medical Review	133	5	47	7
Amount Denied Based on All Prepayment Medical Review	$22,230,327	3	$13,005,518	4
Amount Denied Based on FPS-Related Prepayment Medical Review	$2,913,219	4	$7,438,092	2

[1] For these data, "1" is the highest rank. The rankings are based on 11 contractors, where applicable. To determine the individual workload statistic ranks, we calculated the contractor's workload result per $1 billion in paid claims. The rankings are based only on the numeric measures reported for the workload statistics; we did not assess the quality of work performed by the contractors when determining the rankings.

ZPIC 2

OVERSIGHT RESPONSIBILITY AND AMOUNT PAID[1]



Oversight Responsibility and Amount Paid to Contractor	2012	Rank in 2012	2013	Rank in 2013
Amount of Paid Claims in Jurisdiction	$37,668,706,944	4	$37,499,149,073	4
Number of Claims in Jurisdiction	119,299,942	3	118,097,845	3
Amount Paid to Contractor	$11,086,474	5	$10,760,812	6

WORKLOAD STATISTICS[1]

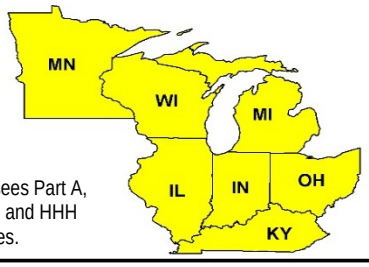
Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Investigations	571	6	239	11
Percentage of Investigations Based on Proactive Leads	12%	5	5%	8
Percentage of FPS-Related Investigations	18%	3	62%	2
Number of Proactive Projects	32	4	33	4
Number of Immediate Advisements	95	5	43	6
Number of Case Referrals	94	2	28	5
Amount Associated with Case Referrals	$55,887,049	3	$62,408,253	3
Number of Cases Accepted	50	2	25	4
Number of Requests for Information, Received	253	9	360	8
Number of Requests for Information, Completed	315	8	324	8
Amount of Overpayments Referred	$12,602,608	9	$26,341,201	7
Amount of Overpayments Recovered	$8,654,999	6	$6,397,790	7

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Revocations Recommended	10	5	9	6
Number of Revocations Implemented	4	6	8	5
Number of All Payment Suspensions Recommended	13	3	28	2
Number of FPS-Related Payment Suspensions Recommended	1	6	27	2
Number of Auto-Deny Edits Recommended	46	7	10	7
Amount Denied Based on All Auto-Deny Edits	$47,195	10	$646,857	10
Amount Denied Based on FPS-Related Auto-Deny Edits	$2,156	5	$607,003	3
Number of Providers Added to Prepayment Medical Review	79	6	38	8
Amount Denied Based on All Prepayment Medical Review	$4,755,871	9	$3,498,475	8
Amount Denied Based on FPS-Related Prepayment Medical Review	$2,342,503	5	$2,476,955	4

[1] For these data, "1" is the highest rank. The rankings are based on 11 contractors, where applicable. To determine the individual workload statistic ranks, we calculated the contractor's workload result per $1 billion in paid claims. The rankings are based only on the numeric measures reported for the workload statistics; we did not assess the quality of work performed by the contractors when determining the rankings.

ZPIC 3

OVERSIGHT RESPONSIBILITY AND AMOUNT PAID[1]



ZPIC 3 oversees Part A, Part B, DME, and HHH in these States.

Oversight Responsibility and Amount Paid to Contractor	2012	Rank in 2012	2013	Rank in 2013
Amount of Paid Claims in Jurisdiction	$65,082,042,811	2	$63,122,742,569	2
Number of Claims in Jurisdiction	207,536,737	1	202,903,810	2
Amount Paid to Contractor	$5,808,220	9	$8,769,293	8

WORKLOAD STATISTICS[1]

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims[2]	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Investigations	710	8	875	3
Percentage of Investigations Based on Proactive Leads	1%	9	1%	10
Percentage of FPS-Related Investigations	3%	10	3%	10
Number of Proactive Projects	4	9	28	7
Number of Immediate Advisements	164	6	123	4
Number of Case Referrals	2	11	6	11
Amount Associated with Case Referrals	$3,474,596	9	$779,376	9
Number of Cases Accepted	5	10	5	10
Number of Requests for Information, Received	274	10	417	10
Number of Requests for Information, Completed	243	10	429	10
Amount of Overpayments Referred	$14,011,756	10	$68,909,038	5
Amount of Overpayments Recovered	$2,402,562	10	$2,091,536	10

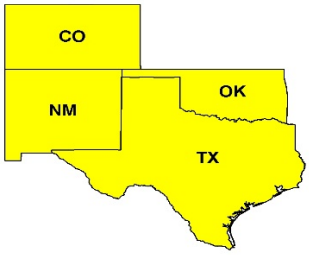
Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims[2]	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Revocations Recommended	14	6	23	4
Number of Revocations Implemented	11	4	4	6
Number of All Payment Suspensions Recommended	17	4	29	6
Number of FPS-Related Payment Suspensions Recommended	6	5	59	1
Number of Auto-Deny Edits Recommended	0	9	4	8
Amount Denied Based on All Auto-Deny Edits	$133,307	9	$3,438,102	7
Amount Denied Based on FPS-Related Auto-Deny Edits	$0	7	$0	6
Number of Providers Added to Prepayment Medical Review	5	10	99	6
Amount Denied Based on All Prepayment Medical Review	$538,420	10	$394,074	10
Amount Denied Based on FPS-Related Prepayment Medical Review	$0	10	$50,033	9

[1] For these data, "1" is the highest rank. The rankings are based on 11 contractors, where applicable. To determine the individual workload statistic ranks, we calculated the contractor's workload result per $1 billion in paid claims. The rankings are based only on the numeric measures reported for the workload statistics; we did not assess the quality of work performed by the contractors when determining the rankings.

[2] In the beginning of 2012, ZPIC 3 was transitioning into its oversight responsibility. Therefore, ZPIC 3 has only 8 months of workload statistics for 2012.

ZPIC 4

OVERSIGHT RESPONSIBILITY AND AMOUNT PAID[1]



ZPIC 4 oversees Part A, Part B, DME, and HHH in these States.

Oversight Responsibility and Amount Paid to Contractor	2012	Rank in 2012	2013	Rank in 2013
Amount of Paid Claims in Jurisdiction	$36,191,979,987	5	$34,633,753,305	6
Number of Claims in Jurisdiction	100,784,808	4	97,382,115	4
Amount Paid to Contractor	$12,244,080	4	$13,116,535	4

WORKLOAD STATISTICS[1]

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Investigations	385	9	348	6
Percentage of Investigations Based on Proactive Leads	11%	6	20%	3
Percentage of FPS-Related Investigations	22%	2	14%	9
Number of Proactive Projects	1	10	5	11
Number of Immediate Advisements	0	11	0	11
Number of Case Referrals	87	3	99	2
Amount Associated with Case Referrals	$174,383,335	1	$186,099,736	1
Number of Cases Accepted	32	4	33	3
Number of Requests for Information, Received	876	2	523	3
Number of Requests for Information, Completed	846	3	529	3
Amount of Overpayments Referred	$29,269,446	5	$20,891,102	8
Amount of Overpayments Recovered	$16,948,585	3	$19,904,797	3

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Revocations Recommended	37	2	95	2
Number of Revocations Implemented	8	3	40	2
Number of All Payment Suspensions Recommended	131	1	24	3
Number of FPS-Related Payment Suspensions Recommended	9	1	1	6
Number of Auto-Deny Edits Recommended	397	4	234	4
Amount Denied Based on All Auto-Deny Edits	$19,026,350	4	$4,737,405	4
Amount Denied Based on FPS-Related Auto-Deny Edits	$493,466	3	$31,158	5
Number of Providers Added to Prepayment Medical Review	479	1	117	3
Amount Denied Based on All Prepayment Medical Review	$19,483,834	4	$8,817,913	6
Amount Denied Based on FPS-Related Prepayment Medical Review	$1,387,257	7	$67,341	8

[1] For these data, "1" is the highest rank. The rankings are based on 11 contractors, where applicable. To determine the individual workload statistic ranks, we calculated the contractor's workload result per $1 billion in paid claims. The rankings are based only on the numeric measures reported for the workload statistics; we did not assess the quality of work performed by the contractors when determining the rankings.

ZPIC 5

OVERSIGHT RESPONSIBILITY AND AMOUNT PAID[1]

ZPIC 5 oversees Part A, Part B, DME, and HHH in these States.

Oversight Responsibility Amount Paid to Contractor	2012	Rank in 2012	2013	Rank in 2013
Amount of Paid Claims in Jurisdiction	$63,556,854,926	3	$62,074,919,758	3
Number of Claims in Jurisdiction	205,241,991	2	203,503,883	1
Amount Paid to Contractor	$16,083,657	2	$16,740,734	2

WORKLOAD STATISTICS[1]

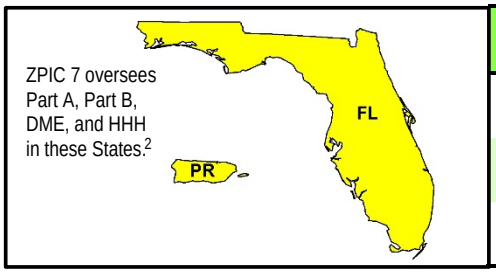
Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Investigations	1,881	3	442	9
Percentage of Investigations Based on Proactive Leads	<1%	10	23%	5
Percentage of FPS-Related Investigations	9%	9	46%	6
Number of Proactive Projects	5	8	23	9
Number of Immediate Advisements	233	3	138	3
Number of Case Referrals	72	5	35	7
Amount Associated with Case Referrals	$52,067,827	4	$3,041,859	8
Number of Cases Accepted	24	7	32	5
Number of Requests for Information, Received	1,088	4	856	5
Number of Requests for Information, Completed	1,126	5	854	5
Amount of Overpayments Referred	$151,368,715	3	$104,837,518	4
Amount of Overpayments Recovered	$32,004,481	2	$41,156,043	1

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Revocations Recommended	22	4	29	3
Number of Revocations Implemented	7	5	17	4
Number of All Payment Suspensions Recommended	14	5	42	4
Number of FPS-Related Payment Suspensions Recommended	9	2	18	4
Number of Auto-Deny Edits Recommended	1,329	3	703	3
Amount Denied Based on All Auto-Deny Edits	$21,091,354	5	$4,709,872	6
Amount Denied Based on FPS-Related Auto-Deny Edits	$147	6	$1	6
Number of Providers Added to Prepayment Medical Review	239	4	115	4
Amount Denied Based on All Prepayment Medical Review	$10,882,299	8	$16,526,752	5
Amount Denied Based on FPS-Related Prepayment Medical Review	$730,244	9	$3,219,903	6

[1] For these data, "1" is the highest rank. The rankings are based on 11 contractors, where applicable. To determine the individual workload statistic ranks, we calculated the contractor's workload result per $1 billion in paid claims. The rankings are based only on the numeric measures reported for the workload statistics; we did not assess the quality of work performed by the contractors when determining the rankings.

ZPIC 7

OVERSIGHT RESPONSIBILITY AND AMOUNT PAID[1]



Oversight Responsibility and Amount Paid to Contractor	2012	Rank in 2012	2013	Rank in 2013
Amount of Paid Claims in Jurisdiction	$26,726,385,968	9	$25,832,530,936	9
Number of Claims in Jurisdiction	82,608,397	8	80,367,263	8
Amount Paid to Contractor	$24,196,730	1	$23,249,314	1

[2] ZPIC 7 also oversees the U.S. Virgin Islands.

WORKLOAD STATISTICS[1]

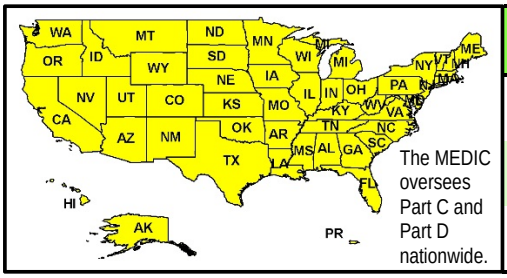
Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Investigations	1,119	2	816	2
Percentage of Investigations Based on Proactive Leads	23%	3	21%	2
Percentage of FPS-Related Investigations	5%	7	31%	4
Number of Proactive Projects	50	2	101	1
Number of Immediate Advisements	213	1	94	1
Number of Case Referrals	30	6	26	4
Amount Associated with Case Referrals	$15,130,018	6	$41,660,048	4
Number of Cases Accepted	14	5	12	7
Number of Requests for Information, Received	443	5	689	1
Number of Requests for Information, Completed	487	4	692	2
Amount of Overpayments Referred	$90,861,223	1	$90,883,843	1
Amount of Overpayments Recovered	$7,177,789	5	$10,660,495	4

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Paid Claims	2013 Result	Rank in 2013 Per $1 Billion in Paid Claims
Number of Revocations Recommended	103	1	78	1
Number of Revocations Implemented	57	1	43	1
Number of All Payment Suspensions Recommended	15	2	17	5
Number of FPS-Related Payment Suspensions Recommended	3	3	10	3
Number of Auto-Deny Edits Recommended	7,715	1	2,910	1
Amount Denied Based on All Auto-Deny Edits	$36,014,951	2	$28,289,289	2
Amount Denied Based on FPS-Related Auto-Deny Edits	$2,664,528	1	$1,382,846	2
Number of Providers Added to Prepayment Medical Review	213	3	121	2
Amount Denied Based on All Prepayment Medical Review	$42,773,747	1	$57,402,040	1
Amount Denied Based on FPS-Related Prepayment Medical Review	$3,672,548	2	$4,309,240	3

[1] For these data, "1" is the highest rank. The rankings are based on 11 contractors, where applicable. To determine the individual workload statistic ranks, we calculated the contractor's workload result per $1 billion in paid claims. The rankings are based only on the numeric measures reported for the workload statistics; we did not assess the quality of work performed by the contractors when determining the rankings.

MEDIC

OVERSIGHT RESPONSIBILITY AND AMOUNT PAID[1]



The MEDIC oversees Part C and Part D nationwide.

Oversight Responsibility and Amount Paid to Contractor	2012	Rank in 2012	2013	Rank in 2013
Amount of Part C and D Expenditures in Jurisdiction	$193,327,469,728	1	$205,908,214,464	1
Number of Claims in Jurisdiction	N/A	N/A	N/A	N/A
Amount Paid to Contractor	$12,333,088	3	$13,559,830	3

WORKLOAD STATISTICS[1]

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Expenditures	2013 Result	Rank in 2013 Per $1 Billion in Expenditures
Number of Investigations	1,894	11	1,349	10
Percentage of Investigations Based on Proactive Leads	NA	NA	NA	NA
Percentage of FPS-Related Investigations	NA	NA	NA	NA
Number of Proactive Projects	18	7	49	10
Number of Immediate Advisements	202	9	171	7
Number of Case Referrals	429	4	384	3
Amount Associated with Case Referrals	NA	NA	NA	NA
Number of Cases Accepted	274	1	237	2
Number of Requests for Information, Received	470	11	489	11
Number of Requests for Information, Completed	473	11	464	11
Amount of Overpayments Referred	NA	NA	NA	NA
Amount of Overpayments Recovered	NA	NA	NA	NA

Workload Activity	2012 Result	Rank in 2012 Per $1 Billion in Expenditures	2013 Result	Rank in 2013 Per $1 Billion in Expenditures
Number of Revocations Recommended	NA	NA	NA	NA
Number of Revocations Implemented	NA	NA	NA	NA
Number of All Payment Suspensions Recommended	NA	NA	NA	NA
Number of FPS-Related Payment Suspensions Recommended	NA	NA	NA	NA
Number of Auto-Deny Edits Recommended	NA	NA	NA	NA
Amount Denied Based on All Auto-Deny Edits	NA	NA	NA	NA
Amount Denied Based on FPS-Related Auto-Deny Edits	NA	NA	NA	NA
Number of Providers Added to Prepayment Medical Review	NA	NA	NA	NA
Amount Denied Based on All Prepayment Medical Review	NA	NA	NA	NA
Amount Denied Based on FPS-Related Prepayment Medical Review	NA	NA	NA	NA

[1] For these data, "1" is the highest rank. The rankings are based on 11 contractors, where applicable. To determine the individual workload statistic ranks, we calculated the contractor's workload result per $1 billion in paid claims. The rankings are based only on the numeric measures reported for the workload statistics; we did not assess the quality of work performed by the contractors when determining the rankings.

APPENDIX D: METHODOLOGY

Data Collection and Analysis

The PSC, ZPIC, and MEDIC statements of work establish the fundamental activities that CMS may award to them through individual task orders. For PSCs and ZPICs, one type of task order awarded is the benefit integrity fee-for-service task order. This task order addresses benefit integrity work for Medicare Part A, Part B, DME, and HHH. The MEDIC task order addresses benefit integrity work for Medicare Part C and Part D.

PSCs and ZPICs are required to report to CMS—using CMS ARTS—monthly workload statistics related to their benefit integrity task orders. For the four PSCs and six ZPICs, we obtained the workload statistics for their benefit integrity fee-for-service task orders for calendar years 2012 and 2013. In the beginning of 2012, ZPIC 3 was transitioning into its oversight responsibility; therefore, ZPIC 3 has only 8 months of workload statistics for 2012. The workload statistics include, but are not limited to, the number of investigations and case referrals resulting from external and proactive leads; immediate advisements; requests for information received; and the amounts of overpayments referred to and recovered by MACs. We extracted the data from CMS ARTS in March and April 2015.

The MEDIC is required to report to CMS monthly workload statistics related to its benefit integrity task order. CMS provided OIG with the MEDIC's monthly workload statistics for calendar years 2012 and 2013.

For each contractor, we summarized for each year:

- the number of investigations started;
- the number and percentage of investigations started based on external and proactive leads (PSCs and ZPICs only);
- the number of investigations that were based on leads from the Fraud Prevention System (PSCs and ZPICs only);
- the number of proactive data-analysis projects started;
- the number of immediate advisements submitted to OIG;
- the number of cases referred to law enforcement;
- the number of case referrals resulting from investigations based on external and proactive leads (PSCs and ZPICs only);
- the dollar amount associated with cases referred to law enforcement (PSCs and ZPICs only);
- the potential dollar impact of MEDIC case referrals; and
- the number of requests for information, received and completed.

For select workload statistics, we calculated the percentage difference across years; we also calculated the percentage of the total that each contractor represented for that particular statistic.

For the PSCs and ZPICs only, we summarized the number of administrative actions recommended including revocations, exclusions, civil monetary penalties, payment suspensions, prepayment medical review, and auto-deny edits.[1] Also, we summarized the amounts denied based on all prepayment medical

[1] The MEDIC is not required to recommend administrative actions.

review and auto-deny edits as well as those denied based on FPS-related prepayment review and auto-deny edits. In addition, we calculated the amounts of overpayments referred for recovery based on investigations and case referrals and calculated the amounts of overpayments recovered based on investigations and case referrals. We summarized and compared these totals across years and for individual PSCs and ZPICs.

To enable meaningful comparisons between contractors, we obtained from CMS information regarding each benefit integrity contractor's oversight responsibility in 2012 and 2013. Specifically, for the PSCs and ZPICs, we obtained the number of claims processed and the total amount paid for those claims in their respective jurisdictions. For the MEDIC, we obtained Part C and Part D expenditures, i.e., the amounts CMS paid to Part C and Part D plan sponsors. We also obtained the amounts paid to each PSC, ZPIC, and the MEDIC for work performed in 2012 and 2013. We compared the level of certain benefit integrity activities to the contractors' oversight responsibilities. We compared activity levels per $1 billion in paid claims or expenditure amounts and per $1 million in contract payment amounts.

Ranking of Contractors

We ranked the 11 contractors by the size of their respective oversight responsibilities, i.e., the amounts of paid claims or expenditures, and the numbers of claims. We also ranked the contractors by the respective amounts paid to them. To do this, we arrayed the raw data from highest to lowest and then assigned each statistic a rank. For these data, "1" represents the highest amount for this statistic and "11" represents the lowest amount. However, "10" represents the lowest amount for "number of claims" because we did not include the MEDIC in this ranking.

We also assigned a rank for each contractor's workload statistics in 2012 and 2013. To allow for comparisons of workload statistics across contractors, we calculated the contractor's workload result per $1 billion in claim oversight responsibility. We then arrayed the data from highest to lowest and assigned each workload statistic a rank. For these data, "1" is the highest rank; the lowest rank depends on the number of contractors that reported the data. In those instances where contractors had identical workload results per $1 billion in paid claims, we assigned the same rank for that statistic and omitted the next rank. The rankings are based only on the numeric measures reported for the workload statistics. We did not assess the quality of work performed by the contractors when determining the rankings.

APPENDIX E: PREVIOUS OIG REPORTS ON BENEFIT INTEGRITY CONTRACTORS

All of these reports are available on OIG's website at oig.hhs.gov.

- *MEDIC Benefit Integrity Activities in Medicare Parts C and D*, OEI-03-11-00310, January 2013.
- *Zone Program Integrity Contractors' Data Issues Hinder Effective Oversight*, OEI-03-09-00520, November 2011.
- *Medicare Drug Integrity Contractors' Identification of Potential Part D Fraud and Abuse*, OEI-03-08-00420, October 2009.
- *Medicare's Program Safeguard Contractors: Activities to Detect and Deter Fraud and Abuse*, OEI-03-06-00010, July 2007.
- *Fiscal Intermediary Fraud Units,* OEI-03-97-00350, November 1998.
- *Carrier Fraud Units,* OEI-05-94-00470, November 1996.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

200 Independence Avenue SW
Washington, DC 20201

DATE: APR - 1 2016

TO: Daniel R. Levinson
Inspector General

FROM: Andrew M. Slavitt
Acting Administrator

SUBJECT: Office of Inspector General (OIG) Draft Report: "Medicare Benefit Integrity Contractors' Activities in 2012 and 2013: A Data Compendium" (OEI-03-13-00620)

The Centers for Medicare & Medicaid Services (CMS) appreciates the opportunity to review and comment on the Office of Inspector General's (OIG) draft report. CMS is committed to protecting taxpayer dollars by preventing or recovering payments for wasteful, abusive, or fraudulent services.

The National Benefit Integrity Medicare Drug Integrity Contractor (MEDIC) detects and prevents fraud, waste, and abuse in the Part C and Part D programs on a national level. Zone Program Integrity Contractors (ZPICs) and Program Safeguard Contractors (PSCs) investigate instances of suspected fraud, waste, and abuse in the Part A and Part B programs. Each ZPIC and PSC investigates cases in its assigned region.

The MEDIC, ZPICs, and PSCs identify and develop cases of suspected fraud and take action to ensure that Medicare Trust Fund monies are not paid inappropriately. These contractors perform data analysis to evaluate inappropriate activity; refer cases to law enforcement or take administrative action as appropriate; support ongoing law enforcement investigations; and identify improper payments to be corrected.

CMS takes many steps to ensure proper oversight of the MEDIC, ZPICs, and PSCs. CMS conducts recurring Contractor Executive Meetings with senior managers and key personnel from each ZPIC and PSC to discuss CMS' goals and strategies and aligning contractor activities to those goals. CMS also meets routinely with contractors to discuss workload and outcomes. In addition, CMS performs quarterly evaluations with these contractors to provide timely feedback and oversight.

As OIG notes, there may be valid reasons for variation among contractors. Large scale investigations, changes in CMS policies and instructions, and changes in fraud schemes may lead to workload variations from year to year. During the time period examined for this report, CMS worked with several contractors to implement an enhanced screening process to open investigations with the highest priority and best opportunity for administrative actions. This led

to a decrease in opened investigations, but allowed CMS' contractors to focus on large scale investigations to address significant risks of fraud, waste, and abuse.

OIG's recommendations and CMS' responses are below.

OIG Recommendation

Examine trends in workload statistics, determine the causes for the increases and decreases in workload statistics across years, and determine whether these changes align with CMS's benefit integrity goals.

HHS Response

CMS concurs with this recommendation. CMS will determine whether changes in workload statistics across years align with CMS' program integrity goals.

OIG Recommendation

Examine the variation in workload statistics among benefit integrity contractors; and, as appropriate, identify performance issues that need to be addressed, best practices that can be shared, and workload definitions that need to be clarified to ensure that contractors report data uniformly and in the way CMS intends.

HHS Response

CMS concurs with OIG's recommendation. CMS already engages in comprehensive oversight of the MEDIC, ZPICs, and PSCs. However, to address workload variations as a result of the way contractors report workload data, CMS is developing the Unified Case Management (UCM) system. The UCM system will serve as a central repository to track leads, monitor audit progress, and collect contractors' workload statistics in a unified manner. CMS will also provide guidance to align all contractors with clearly defined workload definitions. In addition, CMS will use this report to further enhance our oversight of these contractors.

CMS thanks OIG for their efforts on this issue and looks forward to working with OIG on this and other issues in the future.

ACKNOWLEDGMENTS

This report was prepared under the direction of Linda Ragone, Regional Inspector General for Evaluation and Inspections in the Philadelphia regional office, and Tara Bernabe, Deputy Regional Inspector General.

Tara Bernabe served as the team leader for this study. Other Office of Evaluation and Inspections staff from the Philadelphia regional office who contributed to the study include Robert A. Vito and Nancy J. Molyneaux. Central office staff who provided support include Lucia Fort, Scott Manley, Christine Moritz, and Joanne Legomsky.