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OIG Report Reveals CMS's Ongoing Oversight Problems with Provider Enumeration and Medicare Enrollment

The Office of Inspector General (OIG) of the U.S. Department of Health and Human Services (HHS) recently issued the results of an investigation into the quality of provider-related data held in its databases in a report entitled "Improvements Needed To Ensure Provider Enumeration and Medicare Enrollment Data are Accurate, Complete, and Consistent."¹ The investigation reviewed the accuracy and completeness of provider-related data held in the National Plan and Provider Enumeration System (NPPES) and Medicare Provider Enrollment, Chain, and Ownership System (PECOS) as well as CMS's oversight of these systems. The report revealed that the two databases of provider-related data are replete with "inaccurate data" and "ineffective safeguards" and ultimately concluded that the "integrity and security of health information systems and data" continues to be a "Top Management Challenge for HHS."²

Background

The Center for Medicare & Medicaid Services (CMS) collects and holds provider-related data in two databases—NPPES and PECOS. NPPES contains the data that providers are required to submit in order to obtain a National Provider Identifier (NPI); while, PECOS contains the data collected from provider enrollment applications submitted by providers to enroll in Medicare. To break down the enrollment process, before enrolling in Medicare, a provider must apply through NPPES to obtain an NPI.³ CMS assigns NPIs to providers via a process called enumeration, and these assignments are maintained within NPPES. After obtaining an NPI, a provider wishing to establish and maintain Medicare billing privileges must enroll in Medicare and periodically reenroll with accurate and verifiable information via an approved CMS application process.⁴ The Medicare provider enrollment applications are processed through PECOS. CMS oversees both NPPES and PECOS and uses contractors to process and maintain provider information.

1. ¹ OIG Report # OEI-07-09-00440: <http://oig.hhs.gov/oei/reports/oei-07-09-00440.asp>.
2. ² OIG 2012 Top Management & Performance Challenges, Management Issue 9: Availability and Quality of Data for Effective Program Oversight, November 9, 2012. <https://oig.hhs.gov/reports-and-publications/top-challenges/2012/>.
3. ³ 42 C.F.R. § 424.506(b); CMS, Medicare Program Integrity Manual (PIM) (Internet-only manual), Pub. No. 100-08, ch. 10, § 4.2.1, and ch. 15, § 15.3. (At the time of the review, information relating to provider enrollment as found in ch. 10 of the PIM; CMS has since moved some of the information to ch. 15).
4. ⁴ 42 C.F.R. §§ 424.505 and 424.515.

The accuracy of the data held by CMS is of increasing importance to providers because according to the *OIG 2012 Compendium of Unimplemented Recommendations*, HHS and OIG “rely heavily on the availability and completeness of data to...identify instances of fraud, waste and abuse.”⁵ CMS and OIG decided long ago that preventing fraudulent providers from enrolling in Medicare, Medicaid and other federal health care programs is a more efficient and effective method to combat fraud and abuse than trying to recover fraudulent payments that have already been issued.⁶ Yet, under the current enrollment and administration systems, CMS staff indicated that the “onus is on the providers” to keep their data accurate though “CMS is ultimately responsible for ensuring the accuracy of the database.”⁷

Study’s Methodology

Scope. The OIG study assessed the records of individual health care providers in NPPES and PECOS. At the time of this study, NPPES contained approximately 2.3 million individual provider records and PECOS contained approximately 1.2 million individual provider records.

Data Collection and Analysis. OIG limited the scope of the data studied to a random sample of data for 170 providers and only reviewed the records that held the most updated data at the time (NPPES data from January 2010 and PECOS data from August 2010). To determine how complete the records were for providers on average, it studied the data entered for the sampled physicians and tallied how many of the required data entries were actually populated for each provider. To determine how consistent the data for each provider was between the PECOS and NPPES systems, OIG matched selected data fields in each database and recorded discrepancies in data entered. To review and analyze CMS’s oversight of both systems, OIG obtained and reviewed various documents that had been provided to the contractors from CMS and interviewed the contractors to determine if their actual processes matched the oversight procedures and safeguards they were directed by CMS to employ.

Limitations of the Study. In this study, OIG did not analyze how effective any one program integrity safeguard was in preventing or correcting inaccurate provider data nor did OIG analyze whether the accuracy, completeness or consistency of provider-related data varied by the individual Medicare Administrative Contractor (MAC)⁸ or the application submission method.

Study’s Findings

In NPPES, 48 percent (48%) of records contained inaccurate data, but almost all required data was complete. Inaccurate addresses for providers accounted for the majority of the inaccuracies in the provider-

5 OIG 2012 Compendium of Unimplemented Recommendations: <http://oig.hhs.gov/reports-and-publications/compendium/index.asp>.

6 *Medicare Payments for Claims with Identification Numbers of Dead Doctors*, 110th Cong. 12 (2008) (testimony of Robert A. Vito, Regional Inspector General for Evaluation and Inspections).

7 OIE-07-09-00440, page 23.

8 To read more about MACs, please visit <http://www.cms.gov/Medicare/Medicare-Contracting/MedicareContractingReform/PartAandPartBMedicareAdministrativeContractor.html>.

related data reviewed by the OIG study. Of the required data, OIG found approximately 215,000 records out of nearly 2.1 million – roughly 10 percent - contained null values (aka, no entries) for one or more variables that are essential for provider identification.

In PECOS, 58 percent (58%) of records contained inaccurate data and almost 4 percent (4%) were incomplete. CMS relies on the verification of PECOS data to ensure Medicare provider integrity. Similar to NPDES, the majority of the inaccuracies found by OIG were due to incorrect address data for providers. Of the 3.7 percent (3.7%) of provider records missing values in one or more required fields, the information most often incomplete was NPI. Almost all of the records that were missing NPIs were “active” and therefore should have contained an NPI.⁹

Provider data were inconsistent between NPDES and PECOS for 97 percent (97%) of records. Slightly more than 987,000 records for providers are listed in both systems, and, OIG extrapolated from the entries reviewed, that more than 961,000 contained at least one data point that did not match the data entered for the same provider in the other database.

CMS did not verify most provider information in NPDES or PECOS. Despite processes being in place to verify the accuracy of provider data in both systems, the study found that CMS’s implementation of these processes has “impeded efforts to ensure that the databases contained accurate information.”¹⁰ Contractor staff reported that, for each provider, CMS only required them to verify the accuracy of one variable entered in NPDES and only four variables entered in PECOS. CMS required little verification of NPDES enumeration data, only requiring review of the provider social security number. In fact, to expedite the provider enrollment and reenrollment process, contractor staff stated CMS actually suspended much of the data verification that is called for by the Program Integrity Manual (PIM) for Medicare provider enrollment in PECOS.¹¹

OIG Conclusion

In its report, OIG concluded that “NPDES and PECOS data are not reliable independently or even when combined.”¹² On surveying providers, it found that more than 75% of the providers asked to review their own data in the two databases identified inaccuracies within one of the two databases. More than 25% of providers identified inaccuracies in both systems, and for more than 90% of providers, their data did not match between the databases. Inaccurate addresses were the most common error.

OIG made three global recommendations to resolve these inaccuracies that CMS agreed should be

⁹ The OIG reported that providers who had enrolled prior to NPIs being required should have been deactivated by CMS if those provider records had no claims submitted in more than one year. They found that less than 1 percent of the records that were missing NPIs (30 of 32,759) had been deactivated.

¹⁰ OIE-07-09-00440, page 22.

¹¹ CMS sent a series of memorandums to the MACs to only verify a small set of variables. These memos are not available to the public because they were issued confidentially. OIG was unaware of their existence until a contractor made them available.

¹² OIE-07-09-00440, page 28.

considered¹³:

Require MACs to implement program integrity safeguards for Medicare provider enrollment as established in the PIM

- CMS should require MACs verify all reported provider data fields in PECOS, not just select ones.

Require more verification of NPPES Enumeration and PECOS Enrollment data

- CMS should consider the use of the PECOS automated provider-screening tool to verify provider data in NPPES.
- CMS should enable NPPES contractor staff to immediately deactivate or suspend NPIs of providers who are presumed deceased.
- CMS should monitor NPPES applications by geographic area to detect possible fraud.

Detect and correct inaccurate and incomplete provider enumeration and enrollment data for new and established records

CMS should consider:

- requiring more frequent revalidation of select variables found to be inaccurate most often.
- reducing or eliminating the option for providers to submit applications via paper.
- offering providers incentives to keep their reported data correct.

The Importance of the OIG Study to Providers

Given that the HHS and OIG “rely heavily on the availability and completeness of data to ... identify instances of fraud, waste and abuse,” the accuracy of the data reported for providers in these systems should continue to be of concern to providers. Errors in data collection by CMS contractors may give rise to unnecessary oversight and fraud investigations.

¹³ For the full text of CMS’s response and comments, see OIE-07-09-00440 Appendix D at <http://oig.hhs.gov/oei/reports/oei-07-09-00440.asp>.

Ms. Rubinger and Ms. Little acknowledge Barb Rogers, Georgia State University College of Law, who assisted in the preparation of this article.

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