



## OIG Issues Report on Enhanced Medicare Screening

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After reviewing Medicare and Medicaid enrollment and revalidation applications, the U.S. Department of Health & Human Services, Office of Inspector General (OIG) issued a report titled *Enhanced Enrollment Screening of Medicare Providers: Early Implementation Results* on April 28, 2016.<sup>1</sup> For many providers, Medicare is a significant and important source of income. In order to gain access to the federal funds, Medicare enrollment is often one of the first steps a provider takes when opening or acquiring a new facility or service. Because federal reimbursement is so critical to a facility's bottom line, there is a heightened risk for provider fraud. With that in mind, CMS implemented enhanced enrollment screening processes following passage of the Affordable Care Act. OIG's April 28, 2016 report reviews the impact of these requirements on application processing. OIG's recommendations in the report will likely impact future changes to the Medicare enrollment process.

OIG's objectives in performing the review were as follows:

1. To examine how CMS and its contractors implemented enhanced screening procedures for enrolling and revalidating Medicare providers and suppliers; and
2. To review the early results of enhanced screening procedures on the enrollment and revalidation of Medicare providers and suppliers.

In order to achieve these objectives, OIG obtained CMS data on enrollment and revalidation applications submitted between March 25, 2010 through March 24, 2011 (the one-year period before the implementation of enhanced screening procedures) and between March 25, 2012 through March 24, 2013 (the one-year period after implementation). For the March 25, 2012 through March 24, 2013 period, OIG reviewed results of site visits conducted by CMS and CMS's contractors' policies and procedures for enrollment. OIG also "surveyed or interviewed CMS and contractor staff involved in the enrollment process."<sup>2</sup>

Following its review, OIG found that (1) implementation of the enhanced screening procedures resulted in providers submitting fewer enrollment applications and (2) CMS contractors were inconsistent in applying site visit procedures and using site visit results for enrollment decisions. OIG also found that CMS' efforts to revalidate existing enrollments resulted in substantial revocations and deactivations. In the report, OIG focused on CMS' overreliance on PECOS, an enrollment analysis system which acts as a centralized repository for provider enrollment information. OIG noted that "PECOS data related to oversight of enrollment screening enhancements were often incomplete and therefore could not be used to evaluate the impact of certain enhancements implemented by CMS."<sup>3</sup>

At the conclusion of its report, OIG issued the following recommendations to CMS:

1. Monitor Medicare Administrative Contractors (MACs) and the National Supplier Clearinghouse (NSC) to determine whether they verify information on enrollment and revalidation applications as required;

<sup>1</sup> For a copy of the report, see <http://go.usa.gov/cu8Ez>, last occurred May 10, 2016.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

2. Validate that MACs are appropriately considering site visit results when making enrollment decisions;
3. Revise and clarify site visit forms so that they can be more easily used by inspectors to determine whether a facility is operational;
4. Require the National Site Visit Contractor to improve quality assurance oversight and training of site visit inspectors; and
5. Ensure that PECOS contains the complete and accurate data needed to execute and evaluate CMS's enrollment-screening enhancements.

CMS agreed with all five of the above recommendations and provided comments to the OIG. CMS' comments were primarily directed at highlighting its recent efforts to improve enrollment enhancements, such as expanding use of site visits. Following issuance of the report, CMS will continue to provide updates to OIG on its progress. Given the high profile nature of this report and its significance for the two key agencies involved in Medicare's enrollment policy implementation, OIG and CMS, providers should continue to apprise themselves of these recent developments and remain vigilant as to changes following OIG's recommendations.

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