

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**Medicare Payments for Services
After Date of Death**



**JUNE GIBBS BROWN
Inspector General**

**MARCH 2000
OEI-03-99-00200**

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EXECUTIVE SUMMARY

PURPOSE

To determine if Medicare is paying claims with service dates after a beneficiary's death.

BACKGROUND

The Health Care Financing Administration (HCFA), which administers the Medicare program, contracts with fiscal intermediaries and carriers to process claims. In 1991, HCFA established the Common Working File (CWF) to improve claims processing in the Medicare program.

Under the CWF system, intermediaries and carriers send the claim information to one of nine CWF host sites for approval. These host sites are designated intermediaries and carriers responsible for maintaining the claims data received from other contractors. At the host sites, checks are performed on the claim for consistency, entitlement, and duplication of services.

The CWF host sites receive updated beneficiary information, including date of death, from HCFA's Enrollment Database on a daily basis. The data contained in the Enrollment Database is received daily from the Social Security Administration and the Railroad Retirement Board. In addition to receiving date of death information from the Enrollment Database, the CWF receives some date of death information directly from institutional claims submitted by intermediaries.

For this inspection, we analyzed HCFA's Enrollment Database and a 1 percent sample of National Claims History data to identify services that started after a beneficiary's date of death. We also surveyed selected intermediaries and carriers asking about their procedures for identifying and recovering payments made for deceased beneficiaries.

FINDINGS

Medicare paid \$20.6 million in 1997 for services that started after a beneficiary's date of death

Medicare paid an estimated \$20.6 million in 1997 for services where the beneficiary's date of death preceded the start date of the service. Medicare had not yet received date of death information at the time the claim was processed for \$12.6 million (of \$20.6 million)

of the services paid. Most of these claims (75 percent) were processed within 45 days of the beneficiary's date of death.

Medicare paid \$8 million (of \$20.6 million) for services where the beneficiary's date of death was posted in its system at the time the claim was processed. Over half (\$4.8 million) was for durable medical equipment (DME) claims. We also found some payments for Part A and Part B services where the Enrollment Database and CWF files contained different dates of death.

Medicare does not have uniform post-payment procedures to identify and recover payments for deceased beneficiaries

Of the 15 contractors we surveyed, only 2 had post-payment procedures in place to identify payments for deceased beneficiaries. Four other contractors are in the process of developing review procedures.

RECOMMENDATIONS

One piece of information that the Common Working File (CWF) uses when processing a claim is a beneficiary's date of death. We found that proper payment of a claim depends on (1) the receipt of date of death information before the claim is processed or (2) accurate system edits based on date of death information already in the CWF system. In either case, we believe that payments should not be made for services starting after a beneficiary's date of death. Therefore we recommend:

The HCFA should require Medicare contractors to conduct annual post-payment reviews to identify and recover payments for services after death

Our findings show that HCFA made substantial payments for services where the beneficiary's date of death was not yet posted at the CWF at the time the claim was processed and approved for payment. Because claims like these cannot be denied prior to payment (since the date of death is not in the CWF system), we recommend that HCFA require their contractors to conduct annual post-payment reviews to identify and recover these payments.

We also found that contractors' internal claims processing systems may be missing a significant amount of beneficiary date of death information. Therefore, HCFA should coordinate with their contractors to ensure they have the most up-to-date beneficiary date of death information before performing their post-payment reviews.

The HCFA should revise their CWF system edit to ensure that DME payments are not made for deceased beneficiaries

We found particular problems relating to DME payments for deceased beneficiaries when the CWF had date of death information at the time the claim was processed and approved for payment. We recommend that HCFA revise their current CWF edit to deny all DME claims where the start dates of service occur after a beneficiary's death. We believe that \$4.8 million in 1997 payments for deceased beneficiaries would have been avoided had such an edit existed. In addition, we believe that HCFA policy should require that start and ending dates for DME services accurately reflect the service period.

The HCFA should periodically reconcile date of death information between the Enrollment Database and CWF files

We found that for some beneficiaries, discrepancies existed between the dates of death posted on the Enrollment Database and the dates of death posted at the CWF. Inaccurate date of death information can cause claims to be paid incorrectly and can also affect the accuracy of post-payment reviews. Therefore, we recommend that HCFA periodically reconcile the date of death information to ensure that accurate dates of death are contained in both files.

AGENCY COMMENTS

The HCFA concurred with our recommendations. In April 1999, HCFA completed their own program vulnerability analysis of this issue and developed an action plan to address the issues identified in their report. To specifically address our recommendations, HCFA stated that they would (1) fund pilot projects for a subset of Medicare contractors to identify and investigate improper payments for deceased beneficiaries, (2) require all contractors to perform post-payment reviews as part of their FY 2001 Budget Performance Requirements, (3) establish the system changes necessary to revise their Common Working File edit, and (4) work to reconcile date of death information while controlling contractors' workloads. The full text of HCFA's comments can be found in Appendix B.

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INTRODUCTION

PURPOSE

The purpose of this inspection is to determine if Medicare is paying claims with service dates after a beneficiary's death.

BACKGROUND

The Health Care Financing Administration (HCFA), which administers the Medicare program, contracts with companies called fiscal intermediaries and carriers to process claims. Fiscal intermediaries reimburse institutional inpatient services under Medicare Part A and outpatient claims under Part B. The types of institutional providers submitting claims to intermediaries include hospitals, skilled nursing facilities, and home health agencies. Carriers reimburse all other Part B claims including claims for services provided by physicians and medical suppliers. Four carriers called durable medical equipment regional carriers (DMERCs) process claims for durable medical equipment, prosthetics, orthotics, and supplies.

Claims Processing

In 1991, HCFA established the Common Working File (CWF) to improve claims processing in the Medicare program. Under the CWF system, intermediaries and carriers no longer contact HCFA directly to verify information such as beneficiary entitlement and benefit status before paying a claim. Instead, they send the claim information to one of nine CWF host sites. The CWF host sites are designated intermediaries and carriers responsible for maintaining the claims data received from other contractors.

Before sending a claim to the CWF host sites, intermediaries and carriers enter the claim into their processing system, perform consistency and utilization edits on the claim, and calculate a payment amount. Then they send the claim to one of the host sites. At the host sites, checks are performed on the claim for consistency, entitlement, and duplication of services. Once the host sites perform these edits, they authorize the intermediary or carrier to pay the claim, reject the claim, or hold the claim until more information is obtained.

Date of Death Information

The CWF host sites receive updated beneficiary information, including date of death, from HCFA's Enrollment Database on a daily basis. The Enrollment Database contains

information for each beneficiary ever enrolled in Medicare including personal identifiers such as name and social security number, demographic data such as date of birth and date of death, and entitlement information including start and termination dates. The data contained in the Enrollment Database is received daily from the Social Security Administration's (SSA) Master Beneficiary Record which contains demographic and entitlement data on all Medicare beneficiaries. The SSA can be notified of a beneficiary's death in a number of ways including reports from relatives, funeral homes, or the postal service.

In addition to receiving date of death information from the Enrollment Database, the CWF receives some date of death information directly from institutional claims submitted by intermediaries. On these claims, the ending date of service indicates the date of the beneficiary's death.

Program Vulnerability

In April 1999, HCFA issued a draft report which identified payments for deceased beneficiaries as a program vulnerability. According to HCFA, this vulnerability stems from the late posting of a beneficiary's date of death to the SSA and the subsequent posting of this information to the CWF. The HCFA has notified their contractors of this vulnerability and at their 1999 benefit integrity training sessions suggested that contractors perform data analysis to identify billings for deceased beneficiaries.

METHODOLOGY

This inspection focused on the receipt of data at the CWF level to determine if Medicare paid claims for services after a beneficiary's date of death. We did not evaluate whether or not the SSA received beneficiary date of death information in a timely manner.

Claims Data

We gathered all 1997 claims for a 1 percent sample of Medicare beneficiaries using HCFA's National Claims History file. To identify services that started after a beneficiary's date of death, we first developed a list of unique beneficiary identification numbers in the sample. We then matched those numbers against HCFA's Enrollment Database, checking for beneficiaries who had died prior to January 1, 1998. We then extracted from the 1 percent sample all claims associated with these deceased beneficiaries. We calculated the number of services and dollars paid where the start date of service was after the date of death. We used the amount that Medicare reimbursed, which does not include beneficiary co-payments or deductibles, to calculate dollars paid.

For the purposes of this report, when we refer to Part A services, we are referring to both Part A inpatient services as well as Part B outpatient services handled by fiscal intermediaries. When we refer to Part B services, we are referring to Part B services handled by carriers. When we refer to durable medical equipment (DME) services, we are referring to the durable medical equipment, prosthetics, orthotics, and supplies handled by the DMERCs.

Variables used in analysis. To determine if the CWF had a beneficiary's date of death at the time the claim was processed, we used information from the Enrollment Database and National Claims History files. To determine when the CWF received the beneficiary's date of death, we used the Enrollment Database variable "SSA RRB Action Processing Date" (Last Action Date). This variable is defined as the date of the last Social Security Administration's Master Beneficiary Record (MBR) or Railroad Retirement Board change.

To determine when Medicare processed the claim, we used the National Claims History variable "CWF Accretion Date" (Processing Date). This variable is defined as the date the institutional or Part B claim is accreted (posted/processed) to the MBR at the CWF host site and authorization for payment is returned to the fiscal intermediary or carrier.

The HCFA informed us that the Enrollment Database ledger account file (LAF) codes may be more indicative than the Last Action Date in determining when a beneficiary's date of death is recorded at the Enrollment Database. However, we compared the Last Action Date to the LAF code defined as the "beneficiary payment status change date" (LAF date). Our analysis showed that the LAF date was either the same or prior to the Last Action Date. To be conservative in determining when Medicare had the beneficiary's date of death, we used the Last Action Date in our analysis.

Comparing Last Action Date to Processing Date. We compared the Last Action Date to the Processing Date. Usually it takes one day for the date of death information to go from the SSA to the Enrollment Database and another day to go from the Enrollment Database to the CWF. We added three days to the Last Action Date to allow for the maximum time it would take for the date of death data to get from the SSA to the CWF.

If the Processing Date was before the Last Action Date (plus 3 days), we determined that the CWF host site processed the claim *before* the date of death was in the system. If the Processing Date was after the Last Action Date (plus 3 days), we determined that the CWF host site processed the claim *after* the date of death was in the system.

We performed further analysis on beneficiaries with Part A and Part B services where it appeared that the claim was processed after the date of death was posted at the CWF. In order to check these dates of death, we reviewed the CWF's Health Insurance Master Record file. Our analysis showed that, for a few services, the date of death had not made

it from the Enrollment Database to the CWF. For these beneficiaries, there was no date of death present on the CWF's Health Insurance Master Record file. Therefore, in our calculations we grouped the services for these beneficiaries with the services where the CWF processed the claim before the date of death was in the system.

Percentage estimates and corresponding 95 percent confidence intervals for our data were computed using standard statistical formulas for a simple random sample. Point estimates and confidence intervals for all statistics presented in this report are in Appendix A.

Survey Data

We mailed questionnaires to 15 contractors asking about their post-payment procedures for identifying and recovering payments made for deceased beneficiaries. We selected the top contractors based on their 1997 payments for deceased beneficiaries. Whether or not contractors had post-payment procedures in place in 1997 is independent of the amount of their 1997 payments for deceased beneficiaries. Our sample included five fiscal intermediaries, six carriers, and all four DMERCs.

This inspection was conducted in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

FINDINGS

Medicare paid \$20.6 million in 1997 for services that started after a beneficiary's date of death

Medicare paid an estimated \$20.6 million in 1997 where the beneficiary's date of death preceded the start date of the service. The \$20.6 million represents \$9.2 million in durable medical equipment (DME) claims, \$10 million in Part A claims, and \$1.4 million in Part B claims.

For some of these services, our analysis revealed that the CWF had not yet received the beneficiary's date of death at the time the claim was processed. However in other cases, the CWF had the beneficiary's date of death in its system when the claim was processed and approved for payment.

Medicare had not yet received beneficiary's date of death for over half the payments

Medicare paid \$12.6 million (of \$20.6 million) for services where the beneficiary's date of death was not yet posted at the CWF at the time the claim was processed. This \$12.6 million consisted of \$4.5 million in DME claims, \$6.9 million in Part A claims, and \$1.2 million in Part B claims. Most of these claims (75 percent) were processed within 45 days of the beneficiary's date of death.

Medicare had received beneficiary's date of death for almost half the payments

Medicare paid \$8 million (of \$20.6 million) for services where the beneficiary's date of death was posted in the CWF at the time the claim was processed and approved for payment. Over half (\$4.8 million) was for DME claims. The rest of the payments involved different dates of death in the Enrollment Database and CWF files.

Payments for DME services after beneficiary's date of death

We found that Medicare paid \$4.8 million for DME services even though the CWF contained the beneficiary's date of death at the time the claim was approved for payment. Rental services accounted for \$3.5 million of the \$4.8 million in DME services. The remaining payments consisted of non-rental DME services such as lump sum payments for DME, orthotics, and prosthetics and enteral nutrients. The start and ending dates for these DME services occurred within 30 days of a beneficiary's date of death.

We are aware that the CWF has an edit that allows for the payment of DME rental claims up to 30 days after a beneficiary's date of death. This edit takes the beneficiary's date of death, adds 30 days, and compares this date with the service ending date to determine if the claim should be paid. If the service ending date is *before* the beneficiary's date of death (plus 30 days) then the CWF allows the claim. If the service ending date is *after* the beneficiary's date of death (plus 30 days) then the CWF denies the claim.

It is our understanding that this edit was designed to allow for a full month's rental payment if the beneficiary dies within the rental period. For example, if the rental period for a DME service is March 1st (i.e., start date) thru March 31st (i.e., ending date) and the beneficiary dies on March 15th, the rental service for the month of March would be properly allowed since March 31st (i.e., service ending date) is before April 15th (i.e., date of death plus 30 days) and the beneficiary died within the rental period. Additionally, a claim for the next rental period (April 1st -April 30th) would be properly denied.

However, all the rental claims that we identified had the same start and ending dates of service; therefore Medicare's payment of these claims was actually for the rental period *following* a beneficiary's death. For example, if the start and ending dates of service for an April rental period are April 1st and the beneficiary dies on March 15th, the CWF would improperly allow the claim for the month of April. In this case, the edit says to allow the claim since April 1st (service ending date) is before April 15th (date of death plus 30 days).

We also found similar payments made for DME claims that were not rental services. For these claims, the start date of service was after the beneficiary's date of death and the service ending date was within 30 days of the beneficiary's death. It appears that the CWF edit was applied not only to rental services but also non-rental services.

Some Part A and Part B services had different dates of death in the Enrollment Database and CWF files

We found some Part A and Part B services where the Enrollment Database and CWF files contained different dates of death. As previously mentioned, the CWF can receive date of death information from both the Enrollment Database and from Part A claims. For the services we identified, the CWF file reflected the dates of death contained on a Part A claim which was different from the dates of death posted on the Enrollment Database. We found no indication of which file contained the accurate date of death.

Medicare does not have uniform procedures to identify and recover payments for deceased beneficiaries

Of the 15 contractors we surveyed, only two durable medical equipment regional carriers (DMERCs) had post-payment procedures in place to identify and recover payments made for deceased beneficiaries. These two DMERCs identified approximately \$1.2 million over a 2-year period for services paid after a beneficiary's date of death. In contrast, we estimate that these same DMERCs paid \$4.9 million in payments for deceased beneficiaries in 1997 alone. Four other contractors (three carriers and one intermediary) are in the process of developing post-payment procedures.

Three contractors specifically stated that they obtain (or will obtain) their beneficiary date of death information from their own internal claims processing system. It is our understanding that contractors generally receive updated beneficiary information, including date of death, from the CWF when a claim is returned to the contractors.

If a contractor submits a claim for a deceased beneficiary before the CWF has the beneficiary's date of death in its system, this claim will be approved for payment (barring any other problems with the claim). Moreover, once the CWF is notified of the beneficiary's date of death, the contractor's internal system is only updated if the contractor sends *another* claim to the CWF. Therefore, it is possible that the contractors' systems may never be updated with this beneficiary date of death information. In turn, when the contractors perform their post-payment reviews looking for payments made for deceased beneficiaries, they may miss a significant number of payments because the beneficiary's date of death was never posted to their own internal claims processing system.

RECOMMENDATIONS

One piece of information that the Common Working File (CWF) uses when processing a claim is a beneficiary's date of death. We found that proper payment of a claim depends on (1) the receipt of date of death information before the claim is processed or (2) accurate system edits based on date of death information already in the CWF system. In either case, we believe that payments should not be made for services starting after a beneficiary's date of death. Therefore we recommend:

The HCFA should require Medicare contractors to conduct annual post-payment reviews to identify and recover payments for services after death

Our findings show that HCFA made substantial payments for services where the beneficiary's date of death was not yet posted at the CWF at the time the claim was processed and approved for payment. Because claims like these cannot be denied prior to payment (since the date of death is not in the CWF system), we recommend that HCFA require their contractors to conduct annual post-payment reviews to identify and recover these payments.

We also found that contractors' internal claims processing systems may be missing a significant amount of beneficiary date of death information. Therefore, HCFA should coordinate with their contractors to ensure they have the most up-to-date beneficiary date of death information before performing their post-payment reviews.

The HCFA should revise their CWF system edit to ensure that DME payments are not made for deceased beneficiaries

We found particular problems relating to DME payments for deceased beneficiaries when the CWF had date of death information at the time the claim was processed and approved for payment. We recommend that HCFA revise their current CWF edit to deny all DME claims where the start dates of service occur after a beneficiary's death. We believe that \$4.8 million in 1997 payments for deceased beneficiaries would have been avoided had such an edit existed. In addition, we believe that HCFA policy should require that start and ending dates for DME services accurately reflect the service period.

The HCFA should periodically reconcile date of death information between the Enrollment Database and CWF files

We found that for some beneficiaries, discrepancies existed between the dates of death posted on the Enrollment Database and the dates of death posted at the CWF. Inaccurate date of death information can cause claims to be paid incorrectly and can also affect the accuracy of post-payment reviews. Therefore, we recommend that HCFA periodically reconcile the date of death information to ensure that accurate dates of death are contained in both files.

AGENCY COMMENTS

The HCFA concurred with our recommendations. In April 1999, HCFA completed their own program vulnerability analysis of this issue and developed an action plan to address the issues identified in their report. To specifically address our recommendations, HCFA stated that they would (1) fund pilot projects for a subset of Medicare contractors to identify and investigate improper payments for deceased beneficiaries, (2) require all contractors to perform post-payment reviews as part of their FY 2001 Budget Performance Requirements, (3) establish the system changes necessary to revise their Common Working File edit, and (4) work to reconcile date of death information while controlling contractors' workloads. The full text of HCFA's comments can be found in Appendix B.

Estimates and Confidence Intervals

The tables below contain statistical estimates presented in the findings section of this report. Point estimates and corresponding 95 percent confidence intervals based on a 1 percent sample of HCFA's National Claims History file were computed using standard statistical formulas for a simple random sample.

Table 1. 1997 Medicare Payments for Services After Date of Death

Type of Service	Point Estimate	95% Confidence Interval
DME	\$9,243,771	\$8,300,536 - \$10,187,007
Part A	\$9,957,253	\$3,367,049 - \$16,547,457
Part B	\$1,434,529	\$1,237,944 - \$1,631,114
Total	\$20,635,553	\$13,482,383 - \$27,788,723

Table 2. 1997 Payments Where Medicare Did Not Have Beneficiary's Date of Death When Claim was Processed

Type of Service	Point Estimate	95% Confidence Interval
DME	\$4,480,453	\$3,786,867 - \$5,174,038
Part A	\$6,877,164	\$3,162,325 - \$10,592,003
Part B	\$1,215,769	\$1,031,598 - \$1,399,940
Total	\$12,573,386	\$8,353,906 - \$16,792,866

Table 3. Percentage of Claims Processed Within 45 Days of the Beneficiary’s Date of Death When Date of Death Was Not in CWF System at the Time Claim was Processed

	Point Estimate	95% Confidence Interval
Percentage of Claims Processed within 45 Days of the Beneficiary’s Date of Death	74.82%	71.24% - 78.40%

Table 4. 1997 Total Payments Where Medicare Had Beneficiary’s Date of Death When Claim was Processed

	Point Estimate	95% Confidence Interval
Total Payments Where Medicare Had Beneficiary’s Date of Death	\$8,062,167 *	\$2,284,074 - \$13,840,260

* In the findings of this report, we used \$8 million as the estimate.

Table 5. 1997 DME Payments Where Medicare Had Beneficiary’s Date of Death When Claim Was Processed

Type of Service	Point Estimate	95% Confidence Interval
DME Total	\$4,763,318	\$4,126,468 - \$5,400,169
DME Rental	\$3,506,073	\$3,113,665 - \$3,898,481

Table 6. Two DMERCs' 1997 Payments for Services After Date of Death

	Point Estimate	95% Confidence Interval
Two DMERCs' 1997 Payments for Services After Date of Death	\$4,940,063	\$4,459,786 - \$5,420,340

APPENDIX B

Comments From the Health Care Financing Administration



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

The Administrator
Washington, D.C. 20201**DATE:** FEB 16 2000**TO:** June Gibbs Brown
Inspector General**FROM:** Nancy-Ann Min DeParle
Administrator

SUBJECT: Office of the Inspector General (OIG) Draft Report: "Medicare Payments for Services After Date of Death" (OEI-03-99-00200)

We appreciate the opportunity to comment on the above-referenced report. The Health Care Financing Administration (HCFA) is committed to ensuring that providers are paid correctly and that errors are eliminated. HCFA recognizes that system vulnerabilities exist that allow payments to be made for services on the behalf of deceased beneficiaries.

Indeed, because of our recognition of some of these issues, in April 1999, HCFA's Office of Financial Management (OFM) conducted a program vulnerability analysis of the same issues as those in your report and developed an action plan. The plan contains both short term and long term interventions. The short term interventions, which have been completed, were to:

1. Provide the OFM "Program Vulnerability Analysis" report to all HCFA regional offices and all Medicare contractors.
2. Provide the list of improperly paid claims identified in the sample study to the affected Medicare contractors. The list of overpaid claims was provided to the affected contractors for their identification (profiling) of providers engaging in this practice and for the purpose of recovering the improperly paid claims.

The long term interventions include requiring that Medicare contractors conduct reviews which identify all claims with service dates after the beneficiary's date of death. This effort required the recoupment of overpayments for claims paid prior to the date of death being posted to the beneficiary's enrollment (eligibility) file. In addition, contractors would also be required to identify providers engaging in improper billing, conduct education to prevent it in the future and refer cases of suspected fraud to OIG. All contractors were advised of the vulnerability during the fiscal year (FY) 1999 Benefit Integrity Conferences and were asked to perform similar data analysis.

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Although HCFA has developed and implemented tools to ensure that claims are paid properly and that we believe we will correct problems identified in your report, we were disturbed by the finding that Medicare paid \$20.6 million in 1997 for services that started after a beneficiary's date of death. Therefore, HCFA will add the OIG's recommendations to eliminate payment of services starting after a beneficiary's death to corrective actions we are already pursuing. Your recommendations suggested that: 1) HCFA require Medicare contractors to conduct annual post-payment reviews to identify and recover payments after death; 2) HCFA revise their Common Working File (CWF) system edit to ensure that durable medical equipment (DME) payments are not made for deceased beneficiaries; and 3) HCFA periodically reconciles date of death information between the Enrollment Database and CWF files.

HCFA's FY 2000 annual performance plan includes the goal of reducing mistaken and inaccurate payment on a prepayment basis. HCFA is also undertaking a variety of post-payment activities, such as increased cost report audits, to increase total recoveries. HCFA will incorporate OIG's recommendations to eliminate payment of service starting after a beneficiary's death. Our detailed comments are attached.

Attachment

"Medicare Payments for Services After Date of Death." (OEI-03-99-00200)

OIG Recommendation

HCFA should require Medicare contractors to conduct annual post-payment reviews to identify and recover payments for services after death.

HCFA Response

We concur. HCFA's analysis of the problem has been shared with all HCFA regional offices and Medicare contractors. During the fiscal year (FY) 1999 Benefit Integrity Conferences, all Medicare contractors were asked to perform similar analysis through their "proactive data analysis" efforts. Also, as an initial step HCFA is funding pilot "deceased beneficiary" projects under Operation Restore Trust (ORT) for a subset of the Medicare contractors. Under ORT, a subset of 13 contractors are receiving special funding for the performance of this initiative, the associated manual post payment review necessary to identify the improper payments, and the subsequent investigation of providers' billings for deceased beneficiaries. If appropriate, fraud referrals will be made to the Office of the Inspector General (OIG).

In addition HCFA will issue instructions for FY 2001 requiring all Medicare contractors to perform these reviews. The contractor instruction will be included in the FY 2001 "Budget Performance Requirements." As a possible alternative, HCFA will also explore the use of a Payment Safeguard Contractor to identify the improper payments on a national basis.

OIG Recommendation

HCFA should revise their Common Working File (CWF) system edit to ensure that durable medical equipment (DME) payments are not made for deceased beneficiaries.

HCFA Response

We concur. The recommendation represents a change in the requirements for the date of death edits as they relate to DME services; other systems in addition to CWF may be affected, as well. HCFA will establish the new requirements and will circulate those requirements to ensure that all systems or processes affected will make the same change.

OIG Recommendation

HCFA should periodically reconcile date of death information between the Enrollment Database and CWF files.

Attachment- 2

HCFA Response

We concur. However, there is no way to systematically compare the two files and determine which date of death is accurate without a manual review and decision. We will work to implement this recommendation while controlling the contractors' workload.