

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**Durable Medical Equipment  
Ordered with Surrogate Physician  
Identification Numbers**



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INSPECTOR GENERAL**

**SEPTEMBER 2002  
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# ***OFFICE OF INSPECTOR GENERAL***

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# EXECUTIVE SUMMARY

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## PURPOSE

To examine supplier billing and documentation practices for durable medical equipment, prosthetics, orthotics, and supplies (hereinafter, referred to as medical equipment) ordered with surrogate unique physician identification numbers.

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## BACKGROUND

Title XVIII of the Social Security Act prescribes coverage requirements under Part B of the Medicare program. Part B covers physician and outpatient hospital services along with a variety of other services, including the rental or purchase of medically necessary medical equipment. Medical equipment includes a wide range of items prescribed by a physician for use at home, such as hospital beds, wheelchairs, oxygen devices, surgical dressings, splints, and casts.

Medicare beneficiaries covered under Part B are eligible to receive medical equipment ordered by a physician or non-physician provider and furnished by a supplier who has been issued a billing number by Medicare. If the ordering physician has not been assigned a unique physician identification number (UPIN), the supplier must use a temporary or surrogate UPIN when submitting claims.

We selected a sample of 250 medical equipment claims from the Centers for Medicare & Medicaid Services' National Claims History File for 1999 for our review. The sample consisted of claims for medical equipment ordered by physicians with surrogate UPINs. We contacted the suppliers who submitted the claims and requested documentation to support each sample service. We also asked for pertinent physician information, including the State in which the prescribing physician is licensed, medical specialty, and permanent UPIN, if known.

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## FINDINGS

### **Sixty-one percent of services reviewed should have been ordered using a permanent UPIN rather than a surrogate**

For 61 percent of services, ordering physicians had permanent UPINs at the time the service was provided. Physicians for more than one-third of these services had individual UPINs for at least 5 years prior to the dates on the claims. Physicians for 17 percent of these services had individual UPINs at least 10 years before the dates of service.

## **Supporting documentation was missing or incomplete for 45 percent of services ordered using a surrogate UPIN**

Nearly half of services ordered with a surrogate UPIN (45 percent) had either: (1) no written order or certificate of medical necessity (CMN) to support the service, or (2) a written order or CMN with one or more items missing. Medicare paid an estimated \$61 million for these services in 1999.

Seventeen percent of services ordered using a surrogate UPIN had no supporting documentation. For 28 percent of services ordered with a surrogate UPIN, at least one piece of required information was missing from the documentation. The elements most often missing from the CMN were the beneficiary height (18 percent) and weight (17 percent). Documentation for 5 percent of services did not include the physician's UPIN, and documentation for 4 percent of services did not include the supplier billing number. The elements missing from physician orders were the physician's name or signature, description of the item being ordered, or the date of the order.

## **Documentation for 9 percent of services was dated months after the service date**

Supporting documentation for 9 percent of services was dated more than 31 days after the service date provided on the Medicare claim. Seventy-one percent of these services had CMNs as supporting documentation and 29 percent had physician orders. Medicare paid an estimated \$15 million for these services in 1999. For 6 percent of services, documentation was dated 4 or more months after the date of service. For 1 percent of services, documentation was dated in excess of 1 year after the date of service on the claim.

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## **CONCLUSION AND RECOMMENDATIONS**

We believe the use of surrogate UPINs on Medicare claims poses a vulnerability to the Medicare program. We found a substantial number of documentation problems in the supporting evidence submitted by suppliers for claims processed with surrogate UPINs. Our review found that 17 percent of services had no supporting documentation, and another 28 percent had at least one piece of required information missing from the documentation. We have referred all of the services with missing or incomplete documentation to CMS for appropriate action. In 1999, we estimate Medicare paid \$61 million for services ordered with a surrogate UPIN that had missing or incomplete supporting documentation.

The findings detailed in this report also revealed misuse of surrogate UPINs on Medicare claims. We found that surrogate UPINs were incorrectly used for many services since the ordering physician had already been issued a permanent UPIN. We believe this is a

significant problem given that the use of a surrogate UPIN on medical equipment claims allows them to be processed automatically whether the equipment has been ordered by a physician or not. If the inappropriate use of surrogate UPINs by suppliers goes unchecked, the Medicare program becomes vulnerable to fraudulent billings and inappropriate payments. Therefore, we recommend that CMS:

- ▶ Perform targeted reviews of claims for medical equipment ordered with surrogate UPINs.
- ▶ Continue to educate suppliers and physicians that accurate UPINs must be used on claims, and surrogate UPINs should not be used if the ordering physician has a permanent UPIN. For example, an article could be included in carrier bulletins reminding suppliers of proper documentation practices.

## **Agency Comments**

The CMS concurred with our recommendations and indicated that the agency will take the necessary steps to increase the monitoring of UPINs and to educate suppliers and providers that accurate UPINs are required on submitted claims. The CMS also stated that Medicare must set priorities for validating the UPIN information. As a result, CMS will be implementing several initiatives to improve the accuracy of UPIN reporting. Such initiatives include instructing DMERCs to decrease the use of surrogate UPINs through education and training, expanding Medicare Carrier Manual UPIN monitoring instructions to include DMERCs, and increasing central office/regional office monitoring of DMERCs' UPIN activities. Appendix B contains the full text of CMS' comments.

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# INTRODUCTION

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## PURPOSE

To examine supplier billing and documentation practices for durable medical equipment, prosthetics, orthotics, and supplies (hereinafter, referred to as medical equipment) ordered with surrogate unique physician identification numbers.

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## BACKGROUND

Title XVIII of the Social Security Act prescribes coverage requirements under Part B of the Medicare program. Part B covers physician and outpatient hospital services along with a variety of other services, including the rental or purchase of medically necessary medical equipment. Medical equipment includes a wide range of items prescribed by a physician for use at home, such as hospital beds, wheelchairs, oxygen devices, surgical dressings, splints, and casts.

The Centers for Medicare & Medicaid Services (CMS), which administer the Medicare program, contract with four durable medical equipment regional carriers (DMERCs) to process and pay claims for medical equipment. Medicare beneficiaries covered under Part B are eligible to receive needed medical equipment ordered by a physician or non-physician provider and furnished by a supplier who has been issued a billing number by Medicare. Suppliers submit claims for reimbursement to the DMERCs in either paper or electronic format. In 1999, the DMERCs paid more than \$6.2 billion for medical equipment claims. These payments include the 20 percent coinsurance amount for which Medicare beneficiaries are responsible.

## UPIN Requirements

The unique physician identification number (UPIN) is a six-character identifier assigned to physicians, non-physician practitioners, and medical groups that provide services or order medical equipment for Medicare beneficiaries. In this report, we use the term “physician” to describe both physicians and other medical providers who are assigned UPINs.

To receive a UPIN, each physician must send an application to the carrier serving his or her jurisdiction. The carrier reviews the application, validates the credentials of the applicant, and ensures that the physician is eligible for Medicare payment. Assigned UPINs are maintained in a national Registry of Medicare Physician Identification and Eligibility Records, also known as the UPIN Registry. Each physician should receive only one individual UPIN.

Medicare requires medical equipment suppliers to provide the name and UPIN of the physician ordering the equipment on the claim form. Without this information, the claim should be denied. The DMERCs use the UPIN in a variety of analyses, such as medical review and program integrity activities.

The Health Insurance Portability and Accountability Act of 1996 (the Act) mandated the establishment of a new provider identifier, known as the National Provider Identifier (NPI). According to the Act, the NPI will eventually replace the UPIN.

## Surrogate UPINs

If the ordering physician has not been assigned a UPIN, the supplier must use a substitute UPIN, known as a surrogate UPIN, when submitting claims. According to Medicare guidelines, surrogate UPINs are temporary and may be used until an individual UPIN has been assigned. The DMERCs are required to monitor claims with surrogate UPINs. The CMS has established specific surrogate UPINs and guidelines for their use. These include:

- PHS000** To be used by physicians serving in the Public Health Service, including the Indian Health Service.
- VAD000** To be used by physicians employed by the Department of Veterans Affairs or serving on active duty in the U.S. military.
- RES000** To be used by physicians meeting the description of intern, resident or fellow.
- OTH000** To be used when the ordering physician has not yet been assigned a UPIN, and does not qualify for other surrogates listed above.

## Claim Documentation Requirements

Suppliers submit medical equipment claims to the DMERCs for review and payment. In order for a claim to be paid by Medicare, the supplier must have a written order from a physician to justify the medical need for the equipment. The order must include 1) the beneficiary's name, 2) the ordering physician's signature, 3) a description of the item ordered, and 4) the date of the order.

Selected items of medical equipment require a Certificate of Medical Necessity (CMN) to justify Medicare coverage. For these items, the CMN may serve as the physician's written order. The certificates are divided into four parts: Section A, which may be completed by the supplier, contains information on the beneficiary, supplier, and the beneficiary's physician. Section B, which must be completed by the patient's physician



or the physician's employee, requires medical information and/or the results of clinical testing. Section C provides supplier information regarding a description of the item(s) being provided, the supplier's charge for the item(s), and the Medicare allowance for the item(s). Section D contains the physician signature and date along with the physician's attestation that the information provided is true and accurate.

Suppliers must retain in their files the physician order as well as the CMN, if required, along with any other medical necessity information submitted by the ordering physician or required by the DMERCs. Medicare also requires suppliers to maintain a detailed record of all items furnished to the beneficiary, including brand names of items supplied, model numbers, and dates of delivery. The DMERCs are required to periodically audit supporting documentation in suppliers' files.

## **Related Work by the Office of Inspector General**

In a related study entitled, "Medical Equipment and Supply Claims with Invalid or Inactive Physician Numbers," (OEI-03-01-00110), we found that Medicare paid \$32 million for medical equipment claims with invalid UPINs in 1999. Additionally, we found Medicare paid \$59 million for medical equipment claims billed with UPINs that were inactive on the dates of service.

In an earlier report, "Accuracy of Unique Physician Identification Number Data," (OEI-07-98-00410), information in the UPIN Registry was found to be inaccurate. For example, there was a lack of recent claims activity for almost 25 percent of the "active" UPINs. In addition, the study found evidence of erroneous State license number information.

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## **METHODOLOGY**

### **Sample Design**

We created a file consisting of all paid medical equipment claims from the National Claims History file for the year 1999. This file contained \$6.2 billion in allowances for medical equipment. From this file, we extracted all services for equipment ordered with surrogate UPINs and removed claims submitted by beneficiaries. The resulting file contained \$147 million in allowances for services ordered with surrogate UPINs.

From the universe of medical equipment services ordered with surrogate UPINs in 1999, we removed all services with allowed amounts of \$10 or less. Total Medicare allowances for the remaining services was \$146 million. We then divided these services into two strata. The first stratum contained services for suppliers that met two criteria: 1) at least 25 percent of their allowed dollars were ordered with a surrogate UPIN, and 2) they received Medicare payments

for at least 50 services ordered with a surrogate UPIN. The second stratum contained services for suppliers that did not meet the two criteria. The first stratum contained 137,342 services and the second stratum contained 1,165,145 services. We selected a random sample of 125 services from each stratum, for a total sample size of 250 services.

## Data Collection

**Carrier requests.** We contacted each DMERC and requested copies of the sample claims. We received copies of claims for 246 of the 250 sample services.

**Supplier requests.** Using address information obtained from the National Supplier Clearinghouse, we sent letters to suppliers requesting documentation to support each sample service. We also requested pertinent physician information, including the State in which the prescribing physician is licensed, the medical specialty of the physician, and the physician's individual UPIN, if known.

We received responses for 227 of the 250 sample services. Of the 227 responses, 198 contained supporting documentation and 29 had no supporting documentation. We made three attempts to contact suppliers for the requested information. If the suppliers did not respond to the three requests, we concluded that, for the purposes of this inspection, they did not have documentation to support the sample services. We did not receive responses for 14 services following three requests. We could not locate the suppliers for the 9 remaining services. We did not include these 9 services in our analysis.

## Data Analysis

**Documentation from suppliers.** We reviewed documentation from suppliers to identify ordering physicians. We also compared physician information on the claim form with the documentation submitted by suppliers. For medical equipment requiring a CMN, we reviewed the CMN as the supporting documentation. For all other medical equipment, we reviewed the physician's order. We analyzed the documentation to determine if the CMNs and orders were completed according to DMERC requirements.

We determined the type and number of required items that were not completed by physicians or suppliers in each document. We did not review documentation to determine if the beneficiary met medical necessity requirements.

**UPIN database.** We examined the UPIN database to determine if the ordering physicians identified on claims or by suppliers had been assigned individual UPINs. If the physician had been assigned a permanent UPIN, we compared the date the UPIN was assigned to the physician with the date of service on the sample claim.

**Computation of estimated allowances.** To compute Medicare payments for undocumented services and services with incomplete documentation, we totaled the

allowed amounts for these services and weighted the estimate to reflect our stratified sample design. The allowed amounts include the 20 percent coinsurance amount for which Medicare beneficiaries are responsible.

Point estimates and confidence intervals for all statistics presented in the findings of this report are provided in Appendix A.

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

# FINDINGS

The use of surrogate UPINs on claims for medical equipment services is a vulnerability to the Medicare program. From a universe of services totaling \$146 million in 1999, we reviewed a statistically valid sample of 250 Medicare claims for medical equipment ordered with surrogate UPINs and found that suppliers could not provide adequate documentation for approximately 45 percent of the services. Specifically, our review found that 17 percent of services had no supporting documentation, and another 28 percent had at least one piece of required information missing from the documentation. Nationally, we estimate that \$61 million was paid for services not adequately documented in 1999. We also found that surrogate UPINs were incorrectly used for many services since the ordering physician had already been issued a permanent UPIN. We are recommending that CMS: (1) perform targeted reviews of claims for medical equipment ordered with surrogate UPINs, and (2) continue to educate suppliers and ordering physicians that accurate UPINs must be used on claims and that surrogate UPINs should not be used if the ordering physician already has a permanent UPIN.

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## **Sixty-one percent of services reviewed should have been ordered using a permanent UPIN rather than a surrogate**

For 61 percent of services, ordering physicians had permanent UPINs at the time the service was provided. Physicians for more than one-third of these services had individual UPINs for at least 5 years prior to the dates on the claims. Physicians for 17 percent of these services had individual UPINs at least 10 years before the dates of service.

The use of an ordering UPIN on claims for medical equipment can provide certain protections to the Medicare program and its beneficiaries. The provision of a permanent UPIN on the claim is important because it allows Medicare to identify the physician who actually ordered the equipment for a beneficiary. The use of ordering UPINs on claims also ensures that Medicare beneficiaries are receiving equipment ordered only by qualified physicians. In addition, by summarizing claims data by UPINs, CMS can identify aberrant ordering or billing patterns for medical equipment. When surrogates are used instead of permanent UPINs on claims for medical equipment, these protections are no longer in place.

According to Medicare guidelines, if the ordering physician has not been assigned a UPIN, only then can one of the surrogates be used. However, such usage is temporary and the surrogate should only be used until an individual UPIN is assigned. In a bulletin to suppliers, one DMERC stated: “If a physician currently has a UPIN, you must use that number.” Suppliers are not taking appropriate steps, as recommended by the DMERCs, to ensure that a physician’s individual UPIN is used on claims when he or she has one. Such steps include obtaining a UPIN directory from the Government Printing Office, checking Internet websites containing listings of permanent UPINs by State, and

contacting the ordering physician directly. One DMERC stated in a bulletin to suppliers that “All suppliers should review their claim submission processes to ensure that they submit all claims with correct UPINs.”

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## **Supporting documentation was missing or incomplete for 45 percent of services ordered using a surrogate UPIN**

Nearly half of services ordered with a surrogate UPIN (45 percent) had either: (1) no written order or CMN to support the service, or (2) a written order or CMN with one or more items missing. Depending on the type of equipment provided, suppliers are required to have either a completed CMN or a physician order on file to support the Medicare claim. In 1999, we estimate Medicare paid \$61 million for services ordered with a surrogate UPIN that had missing or incomplete supporting documentation.

### **Seventeen percent of services ordered using a surrogate UPIN had no supporting documentation**

Suppliers did not submit supporting documentation for 17 percent of services ordered using a surrogate UPIN. For 3 percent of services, suppliers did not submit documentation after three written requests. For 14 percent of services, suppliers did respond but indicated that no documentation was available. Medicare paid an estimated \$17 million in 1999 for claims with missing documentation.

### **Documentation for 28 percent of services was incomplete**

For 28 percent of services ordered with a surrogate UPIN, at least one piece of required information was missing from the CMNs or orders. The DMERCs require that all elements contained on supporting documentation be completed. In 1999, Medicare paid an estimated \$44 million for services with incomplete documentation.

Certificates of medical necessity for 25 percent of services ordered with surrogate UPINs were missing one or more pieces of information. Missing elements affected all sections of required information, including patient information, supplier information, physician information, and information related to the medical equipment ordered. For 9 percent of services, CMNs were missing three or more elements. The number of items missing on incomplete CMNs ranged from 1 to 14.

There were a number of required elements missing from CMNs and physician orders. The elements most often missing from CMNs were the beneficiary height (18 percent) and weight (17 percent). For certain items of medical equipment, such as wheelchairs, height and weight are elements that need to be reviewed to ensure that beneficiaries are receiving the appropriate equipment. Documentation for 5 percent of services did not include the physician’s UPIN, and

documentation for 4 percent of services did not include the supplier billing number. The elements missing from physician orders were the physician's name or signature, description of the item being ordered, or the date of the order.

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## **Documentation for 9 percent of services was dated months after the service date**

Supporting documentation for 9 percent of services was dated more than 31 days after the service date provided on the Medicare claim. Seventy-one percent of these services had CMNs as supporting documentation and 29 percent had physician orders. Medicare paid an estimated \$15 million for these services in 1999. Some of these services also had items missing from the documentation. For 6 percent of services, documentation was dated 4 or more months after the date of service. For 1 percent of services, documentation was dated in excess of 1 year after the date of service on the claim.

# CONCLUSION

We believe the use of surrogate UPINs on Medicare claims poses a vulnerability to the Medicare program. We found a substantial number of documentation problems in the supporting evidence submitted by suppliers for claims processed with surrogate UPINs. Our review found that 17 percent of services had no supporting documentation, and another 28 percent had at least one piece of required information missing from the documentation. We have referred all of the services with missing or incomplete documentation to CMS for appropriate action. In 1999, we estimate Medicare paid \$61 million for services ordered with a surrogate UPIN that had missing or incomplete supporting documentation.

The findings detailed in this report also revealed misuse of surrogate UPINs on Medicare claims. We found that surrogate UPINs were incorrectly used for many services since the ordering physician had already been issued a permanent UPIN. We believe this is a significant problem given that the use of a surrogate UPIN on medical equipment claims allows them to be processed automatically whether the equipment has been ordered by a physician or not. If the inappropriate use of surrogate UPINs by suppliers goes unchecked, the Medicare program becomes vulnerable to fraudulent billings and inappropriate payments.

# RECOMMENDATIONS

We recommend that CMS:

- ▶ Perform targeted reviews of claims for medical equipment ordered with surrogate UPINs.
- ▶ Continue to educate suppliers and physicians that accurate UPINs must be used on claims, and surrogate UPINs should not be used if the ordering physician has a permanent UPIN. For example, an article could be included in carrier bulletins reminding suppliers of proper documentation practices.

## Agency Comments

The CMS concurred with our recommendations and indicated that the agency will take the necessary steps to increase the monitoring of UPINs and to educate suppliers and providers that accurate UPINs are required on submitted claims. They also stated that Medicare must set priorities for validating UPIN information. As a result, CMS will be implementing several initiatives, which include instructing DMERCs to decrease the use of surrogate UPINs through education and training, expanding Medicare Carrier Manual

UPIN monitoring instructions to include DMERCs, and increasing central office/regional office monitoring of DMERCs' UPIN activities. Appendix B contains the full text of CMS' comments.



**Estimates and Confidence Intervals**

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**Estimates and Confidence Intervals**

The tables below contain statistical estimates presented in the Findings section of this report. These estimates are weighted based on the stratified random sample design and are reported at the 95 percent confidence level.

**Table 1.**  
**Services That Should Have Been Ordered Using a Permanent UPIN  
 Rather Than a Surrogate UPIN**

	<b>Point Estimate</b>	<b>95% Confidence Interval</b>
Percent of Services that Should Have Been Ordered with a Permanent UPIN	60.53%	52.89% - 68.17%
Percent of Services where Ordering Physician had a Permanent UPIN for 5 or More Years	37.93%	27.99% - 47.87%
Percent of Services where Ordering Physician had a Permanent UPIN for 10 or More Years	16.60%	9.11% - 24.09%

**Table 2.**  
**Services with Missing or Incomplete Documentation**

	<b>Point Estimate</b>	<b>95% Confidence Interval</b>
Percent of Services with Missing or Incomplete Documentation	44.96%	37.02% - 52.90%
Total Medicare Allowances in 1999 for Services with Missing or Incomplete Documentation	\$60,678,298	\$42,226,787 - \$79,129,808

**Table 3.**

**Undocumented Services Ordered Using a Surrogate UPIN**

	<b>Point Estimate</b>	<b>95% Confidence Interval</b>
Percent of Services with No Supporting Documentation	16.70%	10.76% - 22.64%
Percent of Services where Suppliers Did Not Submit Documentation After 3 Written Requests	3.18%	0.65% - 5.71%
Percent of Services where Suppliers Responded but Did Not Submit Documentation	13.53%	7.98% - 19.08%
Total Medicare Allowances in 1999 for Services Ordered with a Surrogate UPIN	\$16,600,257	\$8,565,455 - \$24,635,060

**Table 4.**

**Services Supported by Incomplete Documentation**

	<b>Point Estimate</b>	<b>95% Confidence Interval</b>
Percent of Services Supported by Incomplete Documentation	28.26%	21.18% - 35.34%
Total Medicare Allowances in 1999 for Services Supported by Incomplete Documentation	\$44,078,040	\$26,457,005 - \$61,699,075

**Table 5.**

**Items Missing from Documentation**

	<b>Percent of Services</b>	<b>95% Confidence Interval</b>
Beneficiary's Height Missing	18.17%	12.00% - 24.34%
Beneficiary's Weight Missing	17.44%	11.38% - 23.50%
Physician's UPIN Missing	4.62%	1.70% - 7.54%
Supplier's Billing Number Missing	3.89%	1.32% - 6.46%
Description of Item Ordered Missing	3.91%	1.03% - 6.79%

**Table 6.**

**Services Supported by Incomplete CMNs**

	<b>Point Estimate</b>	<b>95% Confidence Interval</b>
Percent of Services with CMNs Containing 1 or More Missing Items	25.35%	18.51% - 32.19%
Percent of Services with CMNs Containing 3 or More Missing Items	8.82%	4.59% - 13.05%

**Table 7.**

**Services with Supporting Documentation  
Dated After the Date of Service**

	<b>Point Estimate</b>	<b>95% Confidence Interval</b>
Percent of Services with Documentation Dated After the Date of Service	8.95%	4.36% - 13.54%
Percent of These Services with a CMN Dated After the Date of Service	71.46%	47.45% - 95.47%
Percent of These Services with an Order Dated After the Date of Service	28.54%	4.53% - 52.55%
Total Medicare Allowances in 1999 for Services with Documentation Dated After the Date of Service	\$15,081,142	\$39,000 - \$30,123,283
Percent of Services with Documentation Dated 4 or More Months After the Date of Service	5.84%	2.10% - 9.58%
Percent of Services with Documentation Dated More Than 12 Months After the Date of Service	0.91%	0% - 2.36%

## Comments from the Centers for Medicare & Medicaid Services



DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Centers for Medicare &amp; Medicaid Services

 Administrator  
 Washington, DC 20201

**DATE:** JUN - 3 2002  
**TO:** Janet Rehnquist  
 Inspector General  
 Office of Inspector General  
**FROM:** Thomas A. Scully *TAS*  
 Administrator  
 Centers for Medicare & Medicaid Services  
**SUBJECT:** Office of Inspector General (OIG) Draft Report: *Durable Medical Equipment Ordered with Surrogate Physician Identification Numbers* (OEI-03-01-00270)

We have reviewed OIG's draft report of this inspection that was conducted as part of a series of studies about the use of unique physician identification numbers (UPINs) on Medicare claims. The OIG reports that 61 percent of the services it reviewed should have been ordered using the prescribing physician's permanent identification number rather than a surrogate. The OIG also found that supporting documentation was missing or incomplete for 45 percent of the services. The OIG estimates that Medicare paid \$61 million in 1999 for services billed with surrogate numbers that had missing or incomplete documentation.

As a result, OIG recommends that the Centers for Medicare & Medicaid Services (CMS) perform targeted reviews of claims for medical equipment ordered with surrogate numbers. The OIG also recommends that CMS continue to educate suppliers and physicians that accurate identification numbers must be used on claims, and surrogates should not be used if the ordering physician has a permanent number.

We concur with the OIG's recommendations. We will take the necessary steps to increase the monitoring of UPINs and educate suppliers and providers that accurate UPINs are required on submitted claims. The CMS also agrees that Medicare must set priorities for validating the UPIN information.

In the coming year, CMS will be implementing several initiatives to improve the accuracy of the UPIN reporting. Those initiatives include instructing Durable Medical Equipment Regional Carriers (DMERCs) to decrease their use of surrogate UPINs through education and training, expanding Medicare Carrier Manual UPIN monitoring instructions to include DMERCs, and increasing central office/regional office monitoring of DMERCs' UPIN activities. We feel that each of these initiatives will improve the overall accuracy of the UPIN reporting.

# ACKNOWLEDGMENTS

This report was prepared under the direction of Robert A. Vito, Regional Inspector General for Evaluation and Inspections in Philadelphia and Linda M. Ragone, Deputy Regional Inspector General. Other principal Office of Evaluation and Inspections staff who contributed include:

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