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TO: Deborah Taylor
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FROM: Stuart Wright /S/
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SUBJECT: Memorandum Report: "Inaccurate Data in the Provider Enrollment, Chain, and Ownership System Individual Global Extract File" (OEI-07-08-00181)

This memorandum report describes inaccurate data that we found in the Provider Enrollment, Chain, and Ownership System (PECOS) Individual Global Extract File (the Extract). During data collection for a study entitled "Reassignment of Medicare Benefits" (OEI-07-08-00180), we identified discrepancies between PECOS and the May 2008 Extract in the number of active Medicare reassignments of benefits (hereinafter referred to as reassignments) and the effective dates of reassignments.¹ We asked the Centers for Medicare & Medicaid Services (CMS) staff to explain the discrepancies between the two data sources. CMS staff investigated and found that the Extract retained records of terminated reassignments, when only active reassignments should have been reflected. Additionally, the Extract contained inaccurate effective dates of reassignments. CMS staff agreed to add information regarding the inaccurate data to their tracking log for PECOS and prioritize the identification of solutions for a future release of PECOS, although they did not indicate when the solutions would be implemented.

BACKGROUND

The PECOS is the electronic system of records Medicare contractors use to enroll and maintain information on providers. The PECOS contains information on reassignments, provider correspondence and payment addresses, ownership and management, and adverse legal actions against providers.

The Extract is designed to provide a point-in-time snapshot of all PECOS data on active providers and their active reassignments.² A new Extract is created on the first business day of every month. There are two separate Extract files: the Individual Global Extract File, which contains records for individual providers; and the Organizational Global Extract File, which

¹ Reassignments are a mechanism by which a Medicare provider allows another entity, or third party, to bill for services that it rendered.

² CMS, "Global Extract File How-To Guide," Document ID: PECOS-4.4.0-UG-31339-v.2.10, p. 1.

contains records for organizational providers.³ The Extract was developed to eliminate the need for CMS staff to fulfill many one-time and ongoing data requests. CMS staff, research firms, and Medicare contractors use the Extract to obtain provider participation status and practice location information.⁴ It is also used to assist beneficiaries with finding a provider through the Medicare.gov Web site.

CMS issues periodic releases and updates to PECOS to add new functionality and correct errors as needed. These releases can result from CMS initiatives or change requests. CMS issued the most recent release in March 2009, and CMS staff indicated the next release will likely occur in May 2009. CMS staff anticipate additional releases later in 2009 and 2010.

From late 2008 to early 2009, we attempted to contact sampled providers for our ongoing study on Medicare reassignment of benefits. The purpose of that study is to determine whether Medicare providers were aware of all active reassignments as listed in the Extract. Prior to beginning data collection, CMS staff confirmed their belief that the Extract contained only records of active reassignments (i.e., reassignments that had never been terminated).

METHODOLOGY

We used the May 2008 Extract to select a random sample of 497 Medicare providers whose benefits had been reassigned. These providers had a total of 1,816 reassignments in the Extract. We searched the PECOS database to ascertain whether providers' correspondence addresses had changed between the creation of the May 2008 Extract and the date we attempted to contact the providers (i.e., September 2008–March 2009). We found that some of the reassignments contained in the Extract had end dates in the PECOS database, indicating that they had been terminated. Upon further examination, we also found that the effective dates for many of the reassignments recorded in the Extract were different from the effective dates recorded in the PECOS database. We asked CMS staff in the Office of Financial Management to explain these discrepancies.

This study was conducted in accordance with the “Quality Standards for Inspections” issued by the President’s Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency (now Council of the Inspectors General on Integrity and Efficiency).

³ We reviewed only the Individual Global Extract File.

⁴ Research firms and contractors using the Extract include: IOWA Foundation, Lockheed Martin, National Government Services, Thompson Reuters, and ViPS®.

RESULTS

The Extract Contains Records With Terminated Reassignments and Inaccurate Effective Dates, Which Limits Its Usefulness

The inaccurate data we identified limited the usefulness of the Extract, requiring us to search the PECOS database for the individual records of all 497 Medicare providers in our sample to verify the accuracy of the Extract data. We found two types of errors. One type of error caused records of terminated reassignments to be retained in the Extract, which should have contained only records of reassignments that were active on the date the Extract was created. We found that 3.2 percent of the records present in the Extract were affected by this type of error.⁵ The second type of error occurred when the date that the reassignment record was created in PECOS populated the effective date field in the Extract, rather than the date the reassignment took effect.

CONCLUSION

In response to our inquiries about the discrepancies between the Extract and the PECOS database, CMS staff indicated that they would conduct further research to determine the exact cause of errors in the Extract. CMS staff indicated that they would add information regarding the inaccurate data to their tracking log for PECOS and prioritize identifying solutions in a future release of PECOS, although they did not indicate when the solutions would be implemented. Until these errors are corrected, the Extract will continue to include inaccurate data, which limits its usefulness.

To limit the impact of the inaccurate data, CMS may want to alert all users of the Extract of the extent and nature of data inaccuracies in the Extract until a corrected version of PECOS is released.

When correcting the processing errors, CMS may also want to explore whether other inaccuracies exist in the Extract, such as whether

- the Organizational Global Extract file contains similar inaccuracies,
- other date fields are populating incorrectly, and
- records of disenrolled providers remain in the Extract.

This memorandum report is being issued directly in final form because it contains no recommendations. If you have comments or questions about this report, please provide them within 60 days. Please refer to report number OEI-07-08-00181 in all correspondence.

⁵ The 95-percent confidence interval for the 3.2 percent of reassignments present in the Extract that should have been terminated was 1.8 percent–4.6 percent. This projects to 26,511 reassignments with a 95-percent confidence interval of 15,031–37,991 reassignments.