Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

CMS's Controls Over Assigning Medicare Beneficiary Identifiers and Mailing New Medicare Cards Were Generally Effective but Could Be Improved in Some Areas

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Office of Inspector General

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Report in Brief
Date: January 2020
Report No. A-09-19-03003

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

CMS's Controls Over Assigning Medicare Beneficiary Identifiers and Mailing New Medicare Cards Were Generally Effective but Could Be Improved in Some Areas

Why OIG Did This Audit

From the beginning of the Medicare program, beneficiaries' Medicare cards displayed Social Security numbers (SSNs), which increased beneficiaries' vulnerability to identity theft. To meet the requirements of a 2015 Federal law, the Centers for Medicare & Medicaid Services (CMS) generated new randomized insurance numbers, called Medicare Beneficiary Identifiers (MBIs), to replace SSNs on Medicare cards; assigned the MBIs to beneficiaries; and mailed new Medicare cards. Because deficiencies in assigning MBIs and mailing new Medicare cards could have resulted in unintended consequences, such as claim processing errors and inappropriate release of personally identifiable information, we evaluated CMS's internal controls over implementation of the new MBIs.

Our objective was to assess CMS's internal controls over assigning MBIs and mailing new Medicare cards to beneficiaries.

How OIG Did This Audit

We reviewed policies, procedures, and system controls; Medicare Enrollment Database (EDB) records; Medicare card mailing data (e.g., beneficiary names, MBIs, and mailing addresses); and Medicare payments from January 2018 through March 2019. Specifically, we identified beneficiaries with multiple MBIs, new Medicare cards mailed to deceased beneficiaries, and payments for claims with service dates after beneficiaries' dates of death.

What OIG Found

CMS's controls were generally effective in ensuring that (1) beneficiaries were properly assigned MBIs, (2) deceased beneficiaries were not mailed new Medicare cards, and (3) payments were not made on behalf of deceased beneficiaries. However, in a small percentage of cases, CMS's controls did not prevent multiple MBIs from being assigned to beneficiaries or prevent mailing of new Medicare cards to deceased beneficiaries. In addition, CMS made improper payments of $2.3 million on claims for deceased beneficiaries.

Specifically, we found that CMS assigned to 22,662 beneficiaries 2 or more MBIs associated with multiple enrollment records that contained the same SSN and date of birth because CMS's system controls did not always identify and merge multiple enrollment records before assigning the MBIs. (The MBIs represented 0.02 percent of the MBIs assigned to Medicare beneficiaries.) In addition, CMS mailed 58,420 new Medicare cards after the beneficiaries' dates of death, of which 2,222 were mailed after the EDB was already updated with the dates of death because CMS's system controls did not always check the EDB's date-of-death information in a timely manner before card mailing data were sent to the print/mail contractor. (The 58,420 Medicare cards represented 0.09 percent of the total cards mailed.) Finally, CMS made improper payments for claims with dates of service after the beneficiaries' dates of death even though it had policies, procedures, and system controls to ensure that payments were not made for Medicare services on behalf of deceased beneficiaries. By improving its controls, CMS can limit unintended consequences, such as claim processing errors and inappropriate release of personally identifiable information.

What OIG Recommends and CMS Comments

We recommend that CMS improve its system controls by checking the EDB's date-of-death information as close as reasonably possible to the date that card mailing data are sent to the print/mail contractor to ensure that Medicare cards are not mailed to deceased beneficiaries. We also make two more recommendations, which are shown in the report.

CMS concurred with our recommendations and provided information on actions that it planned to take to address our recommendations.

The full report can be found at https://oig.hhs.gov/oas/reports/region9/91903003.asp.

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INTRODUCTION

WHY WE DID THIS AUDIT

From the beginning of the Medicare program in 1965, beneficiaries' Medicare cards displayed identification numbers based on Social Security numbers (SSNs), which increased beneficiaries' vulnerability to identity theft. A Federal law, signed in April 2015, required the Centers for Medicare & Medicaid Services (CMS) to establish cost-effective procedures to ensure that SSNs (or any derivatives thereof) were not displayed, coded, or embedded on Medicare cards.[1] To meet this requirement, CMS generated new randomized insurance numbers, called Medicare Beneficiary Identifiers (MBIs); assigned the MBIs to beneficiaries beginning in May 2017; and mailed new Medicare cards to beneficiaries beginning in April 2018. This major effort, known as the Social Security Number Removal Initiative, required coordination between Federal, State, and private-sector stakeholders; extensive outreach and education; and mailing of more than 65 million new Medicare cards to beneficiaries. Because deficiencies in assigning MBIs and mailing new Medicare cards could have resulted in unintended consequences, such as claim processing errors and inappropriate release of personally identifiable information, we evaluated CMS's internal controls over implementation of the new MBIs.

OBJECTIVE

Our objective was to assess CMS's internal controls over assigning MBIs and mailing new Medicare cards to beneficiaries. Specifically, we determined whether CMS's controls were effective in ensuring that (1) beneficiaries were properly assigned MBIs, (2) deceased beneficiaries were not mailed new Medicare cards, and (3) payments were not made on behalf of deceased beneficiaries.

BACKGROUND

The Medicare Program

Title XVIII of the Act established the Medicare program, which provides health insurance coverage to people aged 65 years and older, people with disabilities, and people with end-stage renal disease. Medicare Part A provides inpatient hospital insurance benefits and coverage of extended-care services for patients after hospital discharge, and Medicare Part B provides supplementary medical insurance for medical and other health services. Medicare beneficiaries are responsible for certain out-of-pocket costs, such as deductibles and coinsurance, for both

[1] The Medicare Access and CHIP [Children's Health Insurance Program] Reauthorization Act of 2015 (MACRA), P.L. No. 114-10 (enacted Apr. 16, 2015), § 501(a) (adding new clause § 205(c)(2)(C)(xiii) of the Social Security Act (the Act), 42 U.S.C. § 405(c)(2)(C)(xiii)).

Part A[2] and Part B[3] services. CMS contracts with Medicare contractors to, among other things, process and pay Medicare claims submitted for services, conduct reviews and audits, and safeguard against fraud and abuse.

From the creation of Medicare in 1965 until 1977, the Social Security Administration (SSA) administered the program.[4] Although CMS is now responsible for administering Medicare, SSA and CMS rely on interrelated systems to coordinate individuals' participation in Medicare. SSA initially determines an individual's Medicare eligibility on the basis of such factors as age, work history, contributions made to the program through payroll deductions, and the presence of certain medical conditions. Once SSA determines that an individual is eligible for Medicare, it provides information about the individual to CMS.

The Use of Social Security Numbers in Medicare

The data that SSA provides to CMS about an individual's Medicare eligibility include his or her SSN, or in cases where eligibility is based on another individual's eligibility, that individual's SSN (e.g., a spouse). These data are transmitted to CMS, which creates an enrollment record for the beneficiary within the Medicare Enrollment Database (EDB).[5] The EDB receives the SSN and a one- or two-character beneficiary identification code,[6] which together make up the Health Insurance Claim Number (HICN), the beneficiary's identification number. Before April 2018 (the month that CMS began mailing new Medicare cards with MBIs), CMS printed and mailed to each beneficiary a paper identification card that displayed the HICN, the cardholder's full name, his or her gender, and the effective dates of Medicare Part A and Part B eligibility.

Beneficiaries gave their HICNs to providers[7] when they received medical services, which providers used to confirm eligibility and submit claims to receive payment for services. Because

[2] Beneficiaries generally share in the cost of Medicare Part A by paying deductibles (42 CFR § 489.30(a)). For calendar year (CY) 2019, the Part A annual inpatient hospital deductible that a beneficiary pays when admitted to a hospital is $1,364 ($1,340 for CY 2018). The Part A deductible covers the beneficiary's share of costs for the first 60 days of Medicare-covered inpatient hospital care in a benefit period.

[3] Beneficiaries generally share in the cost of Medicare Part B by paying deductibles (42 CFR § 489.30(b)). The deductible that a beneficiary pays for Part B coverage can change yearly; for CY 2019, it was $185 ($183 for CY 2018).

[4] In 1977, the Health Care Financing Administration took over administering Medicare and was renamed CMS in 2001.

[5] The EDB is the primary source of information for Medicare beneficiaries and contains personal identifiers (e.g., name and SSN), demographic data (e.g., date of death), and entitlement information (e.g., the benefit start date). Because these records are comprehensive and updated daily, the EDB is the source for current, complete Medicare enrollment information.

[6] For example, the code "A" indicates that the individual is the primary claimant (e.g., a retired worker). The code "B" or "B1" indicates that the individual is the wife or husband of the primary claimant.

[7] In this report, we use the term "providers" to mean both providers and suppliers.

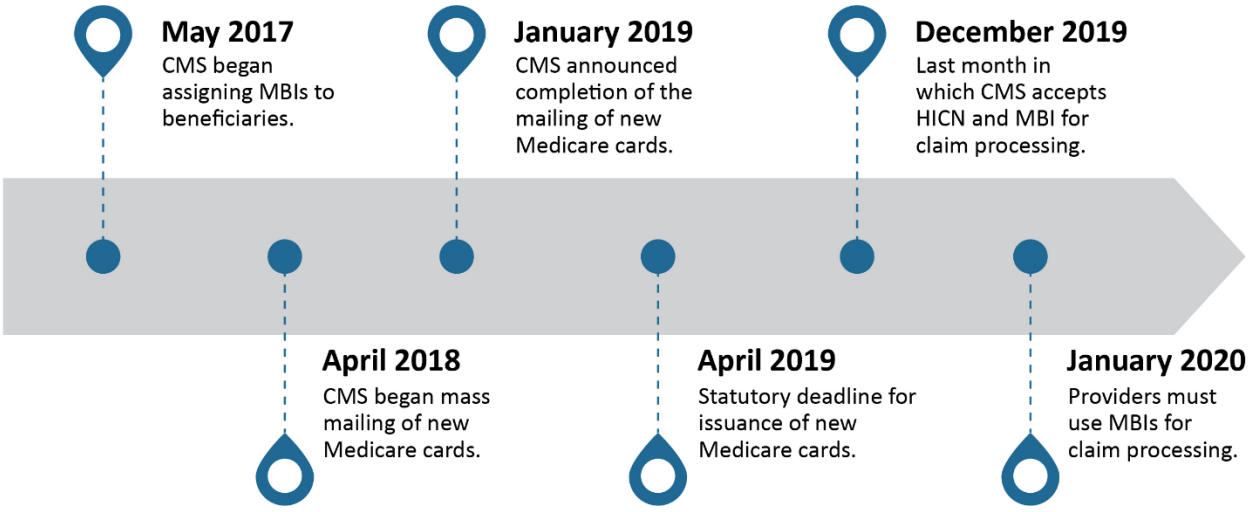
a beneficiary's Medicare card displayed the HICN, which was based on the SSN, identity thieves could steal the HICN and other information on the card and use it to open fraudulent bank or credit card accounts or receive medical services in a beneficiary's name.

Removal of Health Insurance Claim Numbers From Medicare Cards

To reduce the risk of identity theft, the Government Accountability Office (GAO) recommended in a 2012 report to CMS that it select an approach for removing SSNs from Medicare cards and concluded that, of the options presented by CMS, replacing the SSN with a new identifier would provide the best protection for beneficiaries.[8] CMS agreed that replacing the SSN with a new identifier would best meet the goals of reducing the risk of identity theft and preventing fraud while minimizing the burden on beneficiaries and providers.

Sections 501(a) and (d) of the MACRA, enacted April 16, 2015, required CMS to remove SSNs (and any derivatives thereof) from Medicare cards and mail new Medicare cards to beneficiaries by not later than 4 years after the date of enactment (i.e., by April 2019). As a result, starting in May 2017, CMS began to assign randomly derived alphanumeric MBIs. CMS began mailing new Medicare cards to beneficiaries in April 2018. Until January 1, 2020, CMS will accept provider submission of either the HICN or the MBI for claim processing.[9] (See Figure 1 for a timeline of the implementation of the MBIs.)

Figure 1: Timeline of the Implementation of Medicare Beneficiary Identifiers



[8] *CMS Needs an Approach and a Reliable Cost Estimate for Removing Social Security Numbers From Medicare Cards* (GAO-12-831), issued August 1, 2012.

[9] HICNs remain an integral part of CMS's systems and continue to be used in the EDB for current beneficiaries and new beneficiaries enrolled into Medicare.

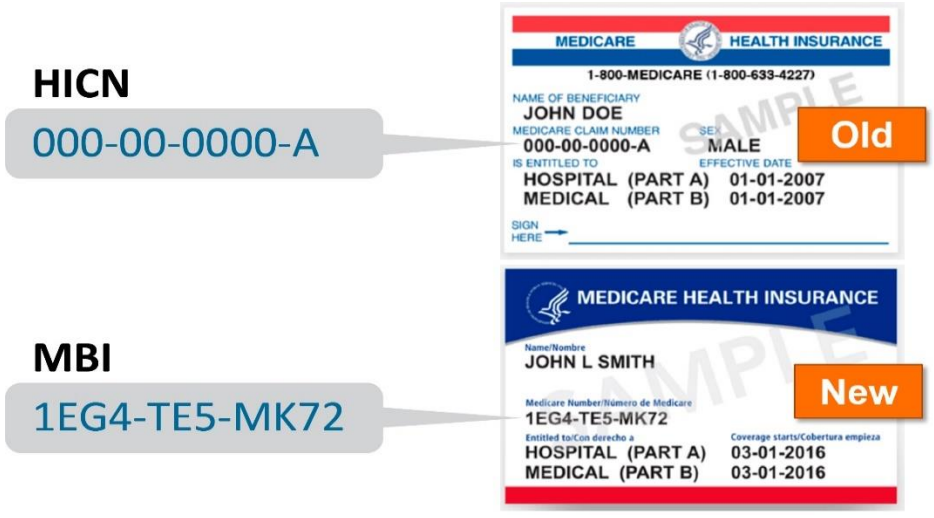
Assignment of Medicare Beneficiary Identifiers to Beneficiaries

To make the transition from SSN-based HICNs to MBIs, CMS randomly generated and assigned MBIs to Medicare beneficiaries, including living and deceased beneficiaries. (CMS assigned MBIs to deceased beneficiaries to ensure uniformity in the EDB.) In May 2017, CMS initially assigned approximately 150 million MBIs, which included living and deceased beneficiaries. Generally, CMS assigns a beneficiary one MBI, which is recorded in the beneficiary's enrollment record. CMS may replace the MBI; for instance, when it has been compromised or the beneficiary is a victim of identity theft. When CMS discovers that a beneficiary has more than one enrollment record, CMS will merge the multiple enrollment records, which makes the extraneous enrollment records unusable.

Printing and Mailing of New Medicare Cards

To mail new Medicare cards to beneficiaries, CMS sends a database of card mailing data containing beneficiary data (e.g., beneficiary names, MBIs, and mailing addresses) to the print/mail contractor responsible for mailing. Before sending card mailing data, CMS checks date-of-death information in the EDB to ensure that Medicare cards are not mailed to deceased beneficiaries. The print/mail contractor then uses address validation software to validate the beneficiary addresses. For valid addresses, the print/mail contractor prints the new Medicare cards and mails them to beneficiaries. For invalid addresses (such as an address with an incorrect ZIP Code), the print/mail contractor sets aside the beneficiary data and returns the data to CMS for remediation. CMS began mailing new Medicare cards with MBIs in April 2018; in January 2019, CMS announced completion of the mailing of new Medicare cards to beneficiaries. (See Figure 2 for examples of the old and new Medicare cards.) Providers may take additional administrative steps for beneficiaries who are unable to present a new Medicare card to receive services, such as obtaining the MBI using a secure lookup tool available online through the various Medicare contractors' websites.

Figure 2: Examples of the Old and New Medicare Cards



Obtaining and Processing Information for Beneficiaries' Dates of Death

When a Medicare beneficiary dies, CMS relies on date-of-death information in its EDB and its Common Working File (CWF)[10] to identify improper Medicare payments for claims for services, durable medical equipment, and supplies with dates of service after the date of death. CMS obtains information on the date of death from various sources and updates the enrollment record.

In general, CMS's data systems obtain date-of-death information from SSA and the Railroad Retirement Board (RRB)[11] and from Medicare institutional claims, which are submitted by inpatient hospitals, skilled nursing facilities, hospices, and home health agencies:

- CMS receives daily updates from SSA's Master Beneficiary Record and RRB's Application Express system[12] to update the date-of-death data field on a beneficiary's enrollment record in the EDB. Once a valid date of death is entered into the EDB, the CWF is updated to reflect this date. The CWF, like the EDB, is updated daily.

- Once a beneficiary's valid date of death is entered into the CWF from an institutional claim, the EDB is updated to reflect the new information.[13]

HOW WE CONDUCTED THIS AUDIT

We reviewed CMS's policies, procedures, and system controls over assigning MBIs and mailing new Medicare cards to beneficiaries; enrollment records in the EDB; Medicare card mailing data (e.g., beneficiary names, MBIs, and mailing addresses) maintained by CMS; and Medicare Part A and Part B payments to providers in CMS's National Claims History (NCH) file from January 1, 2018, through March 31, 2019 (audit period). Specifically, we identified beneficiaries with multiple MBIs, new Medicare cards mailed to deceased beneficiaries, and Medicare payments for claims with dates of service after beneficiaries' dates of death.

Our audit allowed us to establish reasonable assurance of the authenticity and accuracy of the data obtained from CMS's EDB and NCH file, but we did not assess the completeness of either the EDB or the NCH file.

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[10] The CWF is the system that coordinates beneficiary benefits and validates claims for Medicare Parts A and B.

[11] The RRB administers the health and welfare provisions of the Railroad Retirement Act, which provides retirement and survivor benefits for eligible railroad employees and their spouses, widows, and other survivors.

[12] This online computer system automates the processing of applications for railroad retirement and survivor benefits.

[13] Every institutional claim submitted to the CWF contains a discharge status code, which indicates the beneficiary's status as of the claim's last date of service. For example, discharge status code 20 is used when the beneficiary is deceased on the last service date of the claim.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A describes our audit scope and methodology.

FINDINGS

CMS's controls were generally effective in ensuring that (1) beneficiaries were properly assigned MBIs, (2) deceased beneficiaries were not mailed new Medicare cards, and (3) payments were not made on behalf of deceased beneficiaries. However, in a small percentage of cases, CMS's controls did not prevent multiple MBIs from being assigned to beneficiaries or prevent mailing of new Medicare cards to deceased beneficiaries. In addition, CMS made improper payments of $2.3 million[14] on claims for deceased beneficiaries.

Key Takeaways

CMS controls were generally effective in ensuring that:

- beneficiaries were properly assigned MBIs,
- deceased beneficiaries were not mailed new Medicare cards, and
- payments were not made on behalf of deceased beneficiaries.

Specifically, we found the following:

- CMS assigned to 22,662 beneficiaries 2 or more MBIs associated with multiple enrollment records that contained the same SSN and date of birth. (The MBIs assigned to these beneficiaries represented 0.02 percent of the 150 million MBIs assigned to Medicare beneficiaries, consisting of both living and deceased beneficiaries.) CMS's system controls did not always identify and merge multiple enrollment records before assigning the MBIs.

- CMS mailed 58,420 new Medicare cards after the beneficiaries' dates of death, of which 2,222 were mailed after the EDB was already updated with the dates of death. (The 58,420 Medicare cards represented 0.09 percent of the 65 million cards mailed.) CMS's system controls did not always check the EDB's date-of-death information in a timely manner before card mailing data were sent to the print/mail contractor.

- CMS made $2.3 million in improper payments for 3,756 Medicare Part A and Part B claims with dates of service after the beneficiaries' dates of death.[15] CMS made these improper payments even though it had policies, procedures, and system controls to

[14] The total improper payment amount was $2,263,465.

[15] Of the $2,263,465 in improper payments, $524,603 was for the 58,420 beneficiaries to whom CMS mailed new Medicare cards after the beneficiaries' dates of death.

ensure that payments were not made for Medicare services on behalf of deceased beneficiaries. Although CMS made improper payments, these payment errors were not associated with a specific internal control deficiency.

By improving its controls, CMS can limit unintended consequences, such as claim processing errors and inappropriate release of personally identifiable information.

FEDERAL REQUIREMENTS

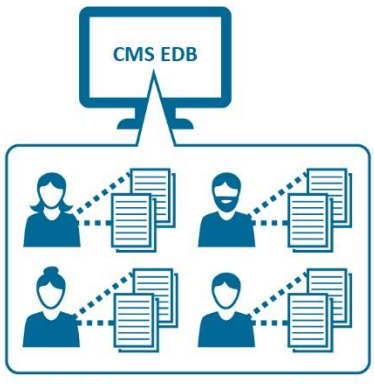
The Act, as amended by the MACRA, required the Secretary of Health and Human Services, in consultation with the Commissioner of Social Security, to establish cost-effective procedures to ensure that (1) an SSN (or derivative thereof) is not displayed, coded, or embedded on the Medicare card issued to an individual who is entitled to benefits under Medicare Part A or enrolled under Part B and (2) any other identifier displayed on such a card is not identifiable as an SSN (or derivative thereof) (the Act § 205(c)(2)(C)(xiii), 42 U.S.C. § 405(c)(2)(C)(xiii)).

The MACRA required that CMS reissue Medicare cards with the replacement for SSNs (i.e., MBIs) by April 2019 (MACRA § 501(d)).

Medicare providers must promptly refund to the beneficiary or other person deductible and coinsurance amounts incorrectly collected from the beneficiary or from someone on the beneficiary's behalf (the Act § 1866(a)(1)(C), 42 U.S.C. § 1395cc(a)(1)(C), and 42 CFR §§ 489.40–42 and 489.20(b)).

No payment will be made under Medicare Parts A or B for items or services that ". . . are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member" (the Act § 1862(a)(1)(A)). Because medically necessary items or services cannot be provided after a Medicare beneficiary dies, payments for items or services after the beneficiary's death are generally not allowable. Accordingly, payments for claims with dates of service after a beneficiary's death are generally considered improper payments.

CMS CONTROLS DID NOT PREVENT MULTIPLE MEDICARE BENEFICIARY IDENTIFIERS FROM BEING ASSIGNED TO SOME BENEFICIARIES



22,662 beneficiaries with 2 or more enrollment records

CMS's controls were generally effective in ensuring that beneficiaries were properly assigned MBIs. However, those controls were not sufficient to prevent multiple MBIs from being assigned to some beneficiaries. Specifically, in the EDB, we identified 22,662 beneficiaries with 2 or more enrollment records that contained the same SSN and date of birth, resulting in the assignment of multiple MBIs. The MBIs for these beneficiaries represented 0.02 percent of the 150 million MBIs assigned to

beneficiaries. Some of the beneficiaries assigned multiple MBIs were mailed multiple new Medicare cards and were held responsible for unnecessary deductibles.

CMS Did Not Always Merge Multiple Enrollment Records Before Assigning Medicare Beneficiary Identifiers

CMS had system controls to identify and merge multiple enrollment records. CMS system controls also included screening new enrollment records to determine whether these records conflicted with an existing enrollment record when there were certain matching identifiers (e.g., beneficiary name and date of birth). However, these system controls did not always identify and merge new enrollment records with existing enrollment records when there was an existing enrollment record with a matching SSN and date of birth. If CMS had merged the enrollment records, the extraneous enrollment records would have been made unusable.

CMS Mailed Multiple New Medicare Cards to Some Beneficiaries

CMS identified 18,299 beneficiaries who were mailed multiple new Medicare cards with unique MBIs, resulting in the potentially inappropriate release of personally identifiable information. Multiple Medicare cards mailed to the same beneficiary may be susceptible to loss or theft. As of September 2019, CMS was in the process of merging these beneficiaries' multiple enrollment records.[16]

Multiple Medicare cards with unique MBIs mailed to 18,299 beneficiaries

CMS strengthened its system controls on March 21, 2019, to withhold mailing new Medicare cards to all beneficiaries that its systems controls identify as potentially having existing enrollment records. These cards are withheld until a determination is made whether to merge the new enrollment records with the existing enrollment records.

Some Beneficiaries Were Held Responsible for Unnecessary Deductibles

We identified 620 beneficiaries who received services from Medicare Part A and Part B providers under multiple MBIs. Payments for these services totaled $11.4 million[17] for our audit period. CMS systems recognize each enrollment record as a distinct beneficiary. Because these payments were made for beneficiaries with multiple enrollment records, the beneficiary

Unnecessary deductibles of $150,730

[16] CMS informed us that, as of September 9, 2019, it had merged 15,130 beneficiaries' multiple enrollment records.

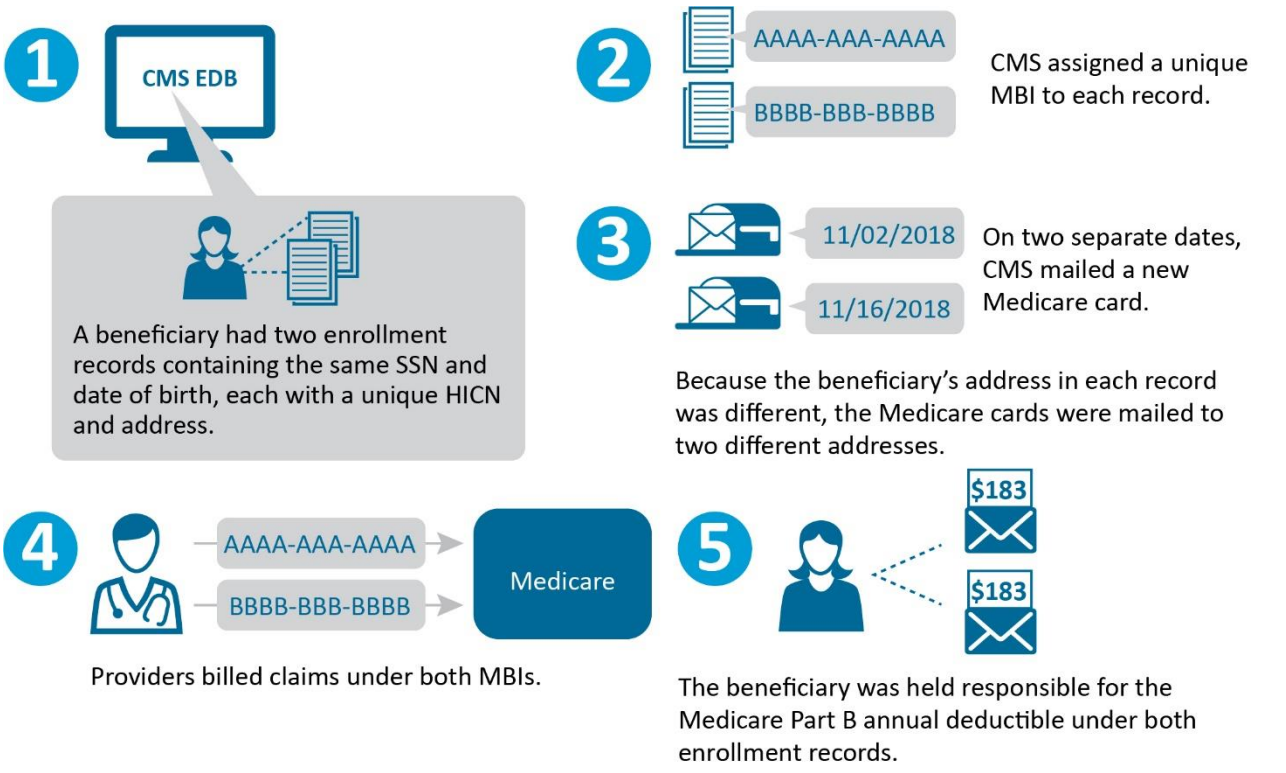
[17] The total amount was $11,412,010.

represented by each record was considered to have a separate responsibility for paying the Medicare Part A or Part B deductible amounts. As a result, beneficiaries were held responsible for unnecessary deductibles of $150,730 paid to the providers for Part A and Part B services.

When CMS maintains multiple enrollment records for a beneficiary and does not merge these records, CMS systems cannot track the deductibles accurately. In addition, a beneficiary with more than one enrollment record could obtain medical services that would otherwise be limited if the beneficiary had only one enrollment record. For example, although Medicare limits a beneficiary to one annual wellness visit under Medicare Part B, if the beneficiary had two enrollment records, he or she could receive two annual wellness visits, resulting in a claim processing error.

See Figure 3 for an example showing multiple MBIs being assigned to the same beneficiary, resulting in the mailing of multiple new Medicare cards and the beneficiary being held responsible for an unnecessary Medicare Part B deductible.

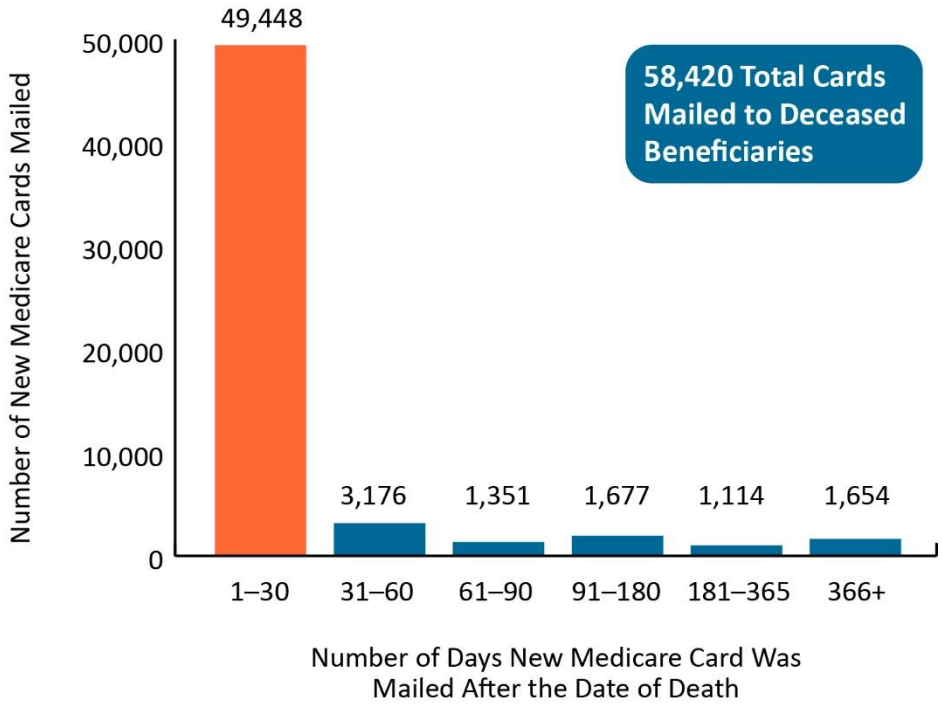
Figure 3: Example of Multiple Medicare Beneficiary Identifiers Assigned to the Same Beneficiary



CMS CONTROLS DID NOT PREVENT MAILING OF NEW MEDICARE CARDS TO SOME DECEASED BENEFICIARIES

Although CMS mailed more than 65 million new Medicare cards to beneficiaries, CMS controls were generally effective in ensuring that new Medicare cards were not mailed to deceased beneficiaries. However, we found that 58,420 Medicare cards were mailed after the beneficiaries' dates of death. These Medicare cards represented 0.09 percent of the 65 million cards mailed. Of the 58,420 cards, 49,448 (or 85 percent) were mailed within 30 days after the beneficiaries' dates of death (Figure 4), and 2,222 were mailed after the EDB was already updated with the dates of the beneficiaries' deaths, indicating that the system controls did not always take into account the latest date-of-death information before new Medicare cards were mailed.

Figure 4: Eighty-five Percent of New Medicare Cards Mailed to Deceased Beneficiaries Were Mailed Within 30 Days After Beneficiaries' Dates of Death



When CMS generates card mailing data, its system controls include a check of the EDB's date-of-death information to verify that the data do not include any deceased beneficiaries. However, this check did not always occur in a timely manner before card mailing data were sent to the print/mail contractor.[18]

[18] There can be a timelag between when CMS generates card mailing data and when it sends the data to the print/mail contractor. Because of the timelag, the EDB could have been updated with date-of-death information after CMS generated card mailing data but before the card mailing data were sent to the print/mail contractor, resulting in new Medicare cards being sent to deceased beneficiaries.

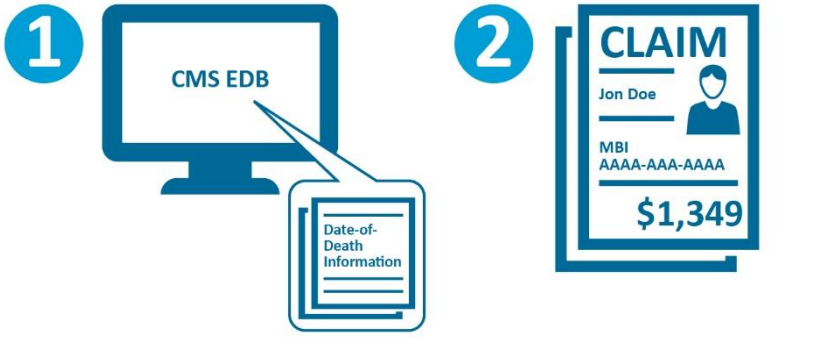
Mailing new Medicare cards to deceased beneficiaries may result in the unintended release of personally identifiable information because these cards may end up in other individuals' possession.

CMS CONTROLS PREVENTED MOST PAYMENTS MADE ON BEHALF OF DECEASED BENEFICIARIES, BUT WE IDENTIFIED $2.3 MILLION IN IMPROPER PAYMENTS

Although CMS's transition from using HICNs to using MBIs on Medicare cards provided better protection for beneficiaries against identity theft, the implementation of MBIs did not eliminate claim processing errors for deceased beneficiaries. CMS had policies, procedures, and system controls to ensure that (1) payments were not made for Medicare claims on behalf of deceased beneficiaries and (2) improper payments were recouped when the EDB was updated with date-of-death information after the claims had been processed and paid. However, CMS's system controls did not identify and recoup all improper payments.

Specifically, for our audit period, we identified $2.3 million in improper payments[19] for 3,756 Medicare Part A and Part B claims with dates of service that were after the beneficiaries' dates of death.[20] These errors were not associated with a specific internal control deficiency. (See Figure 5 for an example of an improper Medicare payment on a claim for a deceased beneficiary.)

Figure 5: Example of an Improper Medicare Payment on a Claim for a Deceased Beneficiary



[19] Date-of-death information may be posted after a claim is already paid. When CMS is made aware of a date of death that precedes the date of service on an existing claim, the claim represents an improper payment.

[20] Of the $2.3 million, $524,603 represented payments for the 58,420 beneficiaries to whom CMS mailed new Medicare cards after the beneficiaries' dates of death.

RECOMMENDATIONS

We recommend that the Centers for Medicare & Medicaid Services:

- improve its system controls by checking the EDB's date-of-death information as close as reasonably possible to the date that card mailing data are sent to the print/mail contractor to ensure that Medicare cards are not mailed to deceased beneficiaries and

- instruct the Medicare contractors to:

    - review deductible amounts that may have been incorrectly collected from beneficiaries or from someone on their behalf and take appropriate actions to resolve these amounts and

    - review the $2,263,465 in improper payments for claims with dates of service after the beneficiaries' dates of death and initiate recoupment for the amounts identified as improper payments.

CMS COMMENTS

In written comments on our draft report, CMS concurred with our recommendations and provided information on actions that it planned to take to address our recommendations. CMS also provided technical comments on our draft report, which we addressed as appropriate. CMS's comments, excluding the technical comments, appear as Appendix B.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit included EDB enrollment records for beneficiaries we identified as having multiple MBIs. Our audit also included payments from January 1, 2018, through March 31, 2019, that CMS made to Medicare Part A and Part B providers for the same beneficiary under different MBIs.

We evaluated CMS's policies, procedures, and system controls to determine whether they were effective in ensuring that payments were not made for Medicare claims with dates of service after the beneficiaries' dates of death. We also evaluated the policies and procedures to determine whether they were effective in ensuring that improper payments made on behalf of deceased beneficiaries were identified and recouped. Our audit included Medicare Part A and Part B claims in CMS's NCH file that had dates of service for our audit period, in which beneficiaries' dates of death in the EDB preceded the service dates.

We focused only on the improper Medicare Part A and Part B payments for services. We did not determine whether the services were medically necessary.

We did not review CMS's overall internal control structure. Rather, we reviewed only those internal controls related to our objective. Our audit allowed us to establish reasonable assurance of the authenticity and accuracy of the data obtained from CMS's EDB and NCH file, but we did not assess the completeness of either the EDB or the NCH file.

We performed fieldwork at CMS's offices in Baltimore, Maryland.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and guidance;

- met with CMS officials to gain an understanding of the policies, procedures, and guidance related to assigning MBIs, printing and mailing new Medicare cards, and billing claims with MBIs, as well as internal controls to prevent the mailing of new Medicare cards to deceased beneficiaries and improper payments for services billed after beneficiaries' dates of death;

- used computer matching, data mining, and other data analysis techniques to:

    - review CMS's EDB information and identify beneficiaries who had multiple enrollment records based on the SSN and date of birth and who were assigned multiple MBIs,

    - evaluate CMS's card mailing data (e.g., beneficiary names, MBIs, and mailing addresses) to identify instances in which new Medicare cards were mailed to beneficiaries who had multiple MBIs,

    - identify in CMS's NCH file beneficiary deductibles related to the Medicare Part A and Part B payments for services for beneficiaries who had multiple enrollment records,

    - review the EDB's date-of-death information to determine when the EDB was updated with beneficiaries' dates of death and to compare that information with the beneficiary data that were sent to the print/mail contractor to identify instances in which new Medicare cards were mailed to beneficiaries when EDB data indicated they were deceased, and

    - identify in CMS's NCH file the payments that it made to Medicare Part A and Part B providers for our audit period for beneficiaries who had multiple enrollment records or had dates of death in the EDB preceding the claim service dates; and

- discussed the results of our audit with CMS officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: CMS COMMENTS

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Administrator
Washington, DC 20201

DATE: November 26, 2019

TO: Joanne Chiedi
Acting Inspector General

FROM: Seema Verma
Administrator

SUBJECT: Office of Inspector General (OIG) Draft Report: CMS's Controls Over Assigning Medicare Beneficiary Identifiers and Mailing New Medicare Cards Were Generally Effective but Could Be Improved in Some Areas (A-09-19-03003)

The Centers for Medicare & Medicaid Services (CMS) appreciates the opportunity to review and comment on the Office of Inspector General's (OIG) draft report. Safeguarding beneficiaries' personal information and the Medicare trust funds are among CMS's top priorities.

To combat identity theft and safeguard taxpayer dollars, CMS removed Social Security Numbers from Medicare cards, replacing them with a unique Medicare number, as required by The Medicare Access and CHIP Reauthorization Act of 2015. Throughout this process, CMS worked across multiple divisions and agencies to ensure an accurate and smooth implementation. Between April 2018 and March 2019, CMS mailed over 65 million new cards to beneficiaries. CMS has completed mailing Medicare enrollees their new cards, and beneficiaries are now using their new Medicare numbers. CMS appreciates OIG's findings that this effort resulted in a highly accurate new Medicare number assignment and mailing process.

OIG's recommendations and CMS's responses are below.

OIG Recommendation

CMS should improve its system controls by checking the Medicare Enrollment Database's date-of-death information as close as reasonably possible to the date that card mailing data are sent to the print/mail contractor to ensure that Medicare cards are not mailed to deceased beneficiaries.

CMS Response

CMS concurs with this recommendation. The issue identified in the report was relevant to the new Medicare card mass mailing effort, which has now concluded. Going forward, we are applying the principle of this recommendation to our normal operations of mailing individual Medicare cards, which includes checking for date-of-death information before preparing the card file to be printed. CMS is implementing a second check for date-of-death information prior to mailing, which will address additional information that our system receives between printing and mailing.

OIG Recommendation

CMS should instruct the Medicare contractors to review deductible amounts that may have been incorrectly collected from beneficiaries or from someone on their behalf and take appropriate actions to resolve these amounts.

CMS Response

CMS concurs with this recommendation. CMS will review OIG's findings and take appropriate action if deductibles were collected incorrectly.

OIG Recommendation

CMS should instruct the Medicare contractors to review the $2,263,465 in improper payments for claims with dates of service after the beneficiaries' dates of death and initiate recoupment for the amounts identified as improper payments.

CMS Response

CMS concurs with the recommendation to instruct the Medicare contractors to review claims with dates of service after the beneficiaries' dates of death and to initiate recoupment for the amounts paid after a confirmed date of death, in accordance with CMS policies and procedures. CMS notes that these potential payments with dates of service after the beneficiaries' confirmed dates of death are not related to the New Medicare Card Project, but rather are a result of inherent latency for some beneficiary updates. Until CMS systems receive a confirmed date of death, claims will be paid. As part of its regular claims payment activities, CMS continually monitors for and recoups payments made after a confirmed date of death and will continue to do so. CMS analysis shows that only $6,361 was paid for claims when CMS already had a confirmed date of death in our system.

CMS thanks OIG for their efforts on this issue and looks forward to working with OIG on this and other issues in the future.