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FRAUD DETECTION SYSTEMS

Centers for Medicare and Medicaid Services Needs to Ensure More Widespread Use

Why GAO Did This Study

GAO has designated Medicare and Medicaid as high-risk programs, in part due to their susceptibility to improper payments—estimated to be about $70 billion in fiscal year 2010. Improper payments have many causes, such as submissions of duplicate claims or fraud, waste, and abuse. As the administrator of these programs, the Centers for Medicare and Medicaid Services (CMS) is responsible for safeguarding them from loss. To integrate claims information and improve its ability to detect fraud, waste, and abuse in these programs, CMS initiated two information technology system programs: the Integrated Data Repository (IDR) and One Program Integrity (One PI).

GAO was asked to (1) assess the extent to which IDR and One PI have been developed and implemented and (2) determine CMS's progress toward achieving its goals and objectives for using these systems to help detect fraud, waste, and abuse. To do so, GAO reviewed system and program management plans and other documents and compared them to key practices. GAO also interviewed program officials, analyzed system data, and reviewed reported costs and benefits.

What GAO Recommends

GAO is recommending that CMS take steps to finalize plans and reliable schedules for fully implementing and expanding the use of the systems and to define measurable benefits. In its comments, CMS concurred with GAO's recommendations.

View GAO-11-475 or key components.
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What GAO Found

CMS has developed and begun using both IDR and One PI, but has not incorporated into IDR all data as planned and has not taken steps to ensure widespread use of One PI to enhance efforts to detect fraud, waste, and abuse. IDR is intended to be the central repository of Medicare and Medicaid data needed to help CMS program integrity staff and contractors prevent and detect improper payments of Medicare and Medicaid claims. Program integrity analysts use these data to identify patterns of unusual activities or transactions that may indicate fraudulent charges or other types of improper payments. IDR has been operational and in use since September 2006. However, it does not include all the data that were planned to be incorporated by fiscal year 2010. For example, IDR includes most types of Medicare claims data, but not the Medicaid data needed to help analysts detect improper payments of Medicaid claims. IDR also does not include data from other CMS systems that are needed to help analysts prevent improper payments, such as information about claims at the time they are filed and being processed. According to program officials, these data were not incorporated because of obstacles introduced by technical issues and delays in funding. Further, the agency has not finalized plans or developed reliable schedules for efforts to incorporate these data. Until it does so, CMS may face additional delays in making available all the data that are needed to support enhanced program integrity efforts.

One PI is a Web-based portal that is to provide CMS staff and contractors with a single source of access to data contained in IDR, as well as tools for analyzing those data. While One PI has been developed and deployed to users, few program integrity analysts were trained and using the system. Specifically, One PI program officials planned for 639 program integrity analysts to be using the system by the end of fiscal year 2010; however, as of October 2010, only 41—less than 7 percent—were actively using the portal and tools. According to program officials, the agency's initial training plans were insufficient and, as a result, they were not able to train the intended community of users. Until program officials finalize plans and develop reliable schedules for training users and expanding the use of One PI, the agency may continue to experience delays in reaching widespread use and determining additional needs for full implementation of the system.

While CMS has made progress toward its goals to provide a single repository of data and enhanced analytical capabilities for program integrity efforts, the agency is not yet positioned to identify, measure, and track benefits realized from its efforts. As a result, it is unknown whether IDR and One PI as currently implemented have provided financial benefits. According to IDR officials, they do not measure benefits realized from increases in the detection rate for improper payments because they rely on business owners to do so, and One PI officials stated that, because of the limited use of the system, there are not enough data to measure and gauge the program's success toward achieving the $21 billion in financial benefits that the agency projected.

_____ **United States Government Accountability Office**