

Congress of the United States
Washington, DC 20515

June 15, 2015

The Honorable Gene L. Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Comptroller General Dodaro:

In July 2011, the Centers for Medicare and Medicaid Services (CMS) implemented a predictive analysis system—the Fraud Prevention System (FPS)—to help address potentially fraudulent payments in Medicare. CMS is using FPS as part of a strategy to shift program integrity efforts from recovering fraudulent payments after they have been made—an approach referred to as “pay and chase”—to preventing potentially fraudulent claims from being paid in the first place.

FPS analyzes all Medicare fee-for-service (FFS) claims prior to payment to identify aberrant and suspicious billing patterns for further investigation. The system also has the ability to prevent payment of some suspected fraudulent claims and has done so in a limited number of cases. In a Government Accountability Office (GAO) report,¹ CMS officials also stated that FPS will help prevent potentially fraudulent payments by allowing the agency to more quickly identify, investigate, and take action against providers with potentially fraudulent and/or abusive billing patterns.

GAO has previously identified key practices for using predictive analysis systems, including leveraging the results of predictive analysis to address service- or system-specific weaknesses that can lead to payment errors, such as gaps in prepayment edits. It is unclear whether CMS is using FPS to identify these broader program vulnerabilities in Medicare and taking action based on those vulnerabilities throughout the program.


We would like to learn more about the performance of FPS and we request that GAO study the following questions:

¹See GAO, *Medicare Fraud Prevention: CMS Has Implemented a Predictive Analytics System, but Needs to Define Measures to Determine Its Effectiveness*, GAO-13-104 (Washington, D.C.: Oct. 15, 2012).

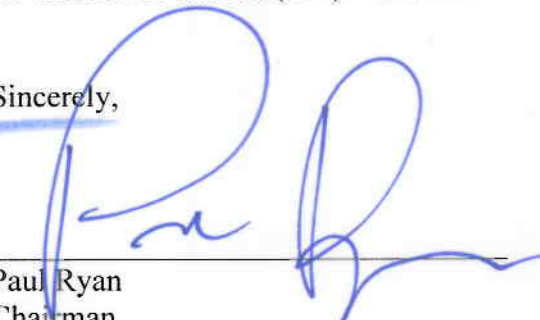
1. What types of potentially fraudulent payments have been denied by FPS prepayment edits, and how do the FPS prepayment edits differ from those implemented by the Medicare Administrative Contractors?
2. How many administrative actions has CMS taken against providers since 2010, what types of actions were taken, and how many of these actions were a direct result of FPS? How do these actions compare with non-FPS-initiated actions?
3. Has the use of FPS led CMS to identify program vulnerabilities that could lead to payment errors, and what steps has CMS taken to address any identified vulnerabilities?
4. What percentage of savings attributable to FPS are also attributable to prepayment denials compared to post-payment recoveries? How do these savings compare with other traditional program integrity efforts?
5. What are CMS' plans for using FPS with Medicaid and the Children's Health Insurance Program (CHIP) as directed under the federal statute? If this is unworkable due to the nature of Medicaid and CHIP claims, what is a recommended alternate approach?
6. How do the program outlays for FPS compare with the actual and projected savings attributable to FPS-initiated actions?

Your assistance on these questions is appreciated. If you have any questions regarding this request, please contact Alan Slobodin and Josh Trent with the majority committee staff at (202) 225-2927 and Una Lee of the Democratic committee staff at (202) 225-3641.

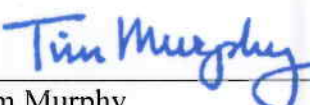
Sincerely,



Fred Upton
Chairman
Committee on Energy and Commerce



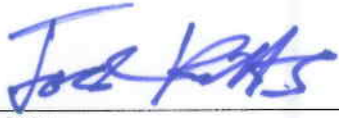
Paul Ryan
Chairman
Committee on Ways and Means



Tim Murphy
Chairman
Subcommittee on Oversight and
Investigations



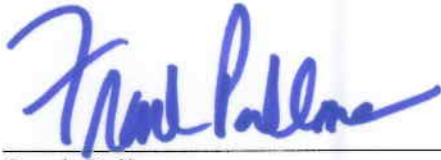
Peter Roskam
Chairman
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Joe Pitts
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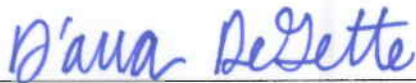
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