# Medicare Fee-for-Service (FFS) Comprehensive Error Rate Testing (CERT) Improper Payment Data Methodology

The Medicare Fee-for-Service (FFS) Comprehensive Error Rate Testing (CERT) Improper Payment dataset is a stratified random sample of approximately 50,000 claims submitted to Part A/B Medicare Administrative Contractors (MACs) and Durable Medical Equipment (DME) MACs during each reporting period.

The sampling process for CERT follows a service level stratification plan. This system allots approximately 100 service level strata per claim type, except for Part A Excluding Hospital IPPS, for which service level stratification is not possible. For this case, strata were designated by a two-digit type of bill, which results in fewer than 20 strata.

An independent medical review contractor reviews the sampled claims to determine whether they were paid properly under Medicare coverage, coding, and billing rules. If these criteria are not met or the provider fails to submit medical records to support the claim billed, the medical review contractor counts the claim as a total or partial improper payment, and categorizes the error as No Documentation, Insufficient Documentation, Medical Necessity, Incorrect Coding, or Other. In some cases, the provider may appeal this review decision, and the error is overturned on appeal. This data is used to calculate the annual Medicare FFS improper payment rate, published in the Department of Health and Human Services (HHS) Agency Financial Report (AFR).

The improper payment rate is an estimate of the proportion of improper payments made in the Medicare FFS program to the total payments made. After the claims have been reviewed for improper payments, the sample is projected to the universe statistically using a combination of sampling weights and universe expenditure amounts. CERT utilizes a generalized estimator to handle national, contractor cluster, and service level estimation. National level estimation reduces to a better known estimator known as the separate ratio estimator. Using the separate ratio estimator, improper payment rates for contractor clusters are combined using their relative share of universe expenditures as weights.

For more detailed information on sampling and estimation methods, please see Appendix N in the 2024 Medicare Fee-for-Service Supplemental Improper Payment Data Report.