

Report in Brief

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



Why OIG Did This Review

Under the Medicare Part A Inpatient Prospective Payment System (IPPS), hospitals are paid a predetermined amount per discharge for inpatient hospital services furnished to Medicare beneficiaries. Included in these services are most nonphysician outpatient services provided either within the 3 days prior to the inpatient admission, on the date of admission, or during the hospital stays.

Prior OIG reviews identified significant overpayments to hospital outpatient providers for nonphysician services furnished shortly before or during inpatient stays. The Centers for Medicare & Medicaid Services generally concurred with recommendations in these reports and implemented them. However, recent claims data indicated that overpayments for these services might still be occurring.

Our objective was to determine whether Medicare payments made by National Government Services (NGS) to hospital outpatient providers, were correct for nonphysician outpatient services provided within 3 days prior to the date of admission, on the date of admission, or during IPPS stays (excluding date of discharge) in calendar year (CY) 2013 and CY 2014.

How OIG Did This Review

We selected a stratified random sample of 129 nonphysician outpatient services furnished within 3 days prior to the date of admission, on the date of admission, or during IPPS stays.

Medicare Paid New England Providers Twice for Nonphysician Outpatient Services Provided Shortly Before or During Inpatient Stays

What OIG Found

Medicare payments made by NGS to hospital outpatient providers were not always correct for nonphysician outpatient services provided within 3 days prior to the date of admission, on the date of admission, or during IPPS stays (excluding date of discharge). Medicare payments were correct for 54 of the 129 nonphysician outpatient services that we sampled. However, for 75 services we sampled, NGS paid 41 providers twice—as part of the IPPS payment and the Part B payment—which resulted in total overpayments of \$288,000. These errors occurred because providers did not understand Medicare requirements, provider controls failed to prevent or detect incorrect billing, and providers were unaware that beneficiaries were inpatients at other facilities. In addition, Medicare payment system controls did not prevent or detect overpayments for incorrectly billed services. On the basis of our sample results, we estimated that because of these errors NGS made at least \$1.3 million in overpayments to hospital outpatient providers during CY 2013 and CY 2014. An estimated \$1 million (\$1,324,893 - \$287,655) was paid to 129 providers who submitted the remaining 21,606 nonsampled line items.

What OIG Recommends and NGS Comments

We made recommendations to NGS that it recover the portion of the \$288,000 in identified overpayments from the 41 providers for the 75 incorrectly billed services that are within the 4-year reopening period; notify the 41 providers of potential additional overpayments so that those providers can exercise reasonable diligence to investigate and return any identified overpayments, in accordance with the 60-day rule, and identify and track any returned overpayments as having been made in accordance with this recommendation; notify the 129 providers responsible for the remaining 21,606 nonsampled line items with potential overpayments estimated at \$1 million so that those providers can exercise reasonable diligence to investigate and return any identified overpayments, in accordance with the 60-day rule, and identify and track any returned overpayments as having been made in accordance with this recommendation; and educate all of its providers of their responsibilities under Medicare requirements to bill accurately for inpatient and outpatient services to prevent improper payments.

NGS agreed with our first, second, and fourth recommendations; however, NGS did not agree with our third recommendation as originally written, due to the level of effort and associated costs. After consideration of NGS's comments, we have changed our third recommendation, and NGS has fully concurred with all of our recommendations.