Report in Brief
Date: May 2021
Report No. A-04-16-06195

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

Medicare Home Health Agency Provider Compliance Audit: Caretenders of Jacksonville, LLC

Why OIG Did This Audit

Under the home health prospective payment system (PPS), the Centers for Medicare & Medicaid Services pays home health agencies (HHAs) a standardized payment for each 60-day episode of care that a beneficiary receives. The PPS payment covers intermittent skilled nursing and home health aide visits, therapy (physical, occupational, and speech-language pathology), medical social services, and medical supplies.

Our prior audits of home health services identified significant overpayments to HHAs. These overpayments were largely the result of HHAs improperly billing for services to beneficiaries who either were not confined to home (homebound) or were not in need of skilled services.

Our objective was to determine whether Caretenders of Jacksonville, LLC (Caretenders), complied with Medicare requirements for billing home health services on selected types of claims.

How OIG Did This Audit

We selected a stratified random sample of 100 home health claims and submitted these claims to an independent medical review to determine whether the services met coverage, medical necessity, and coding requirements.

What OIG Found

Caretenders did not comply with Medicare billing requirements for 39 of the 100 home health claims that we reviewed. For these claims, Caretenders received overpayments of $92,345 for services provided during our audit period. Specifically, Caretenders incorrectly billed Medicare for: (1) services provided to beneficiaries who were not homebound, (2) services provided to beneficiaries who did not require skilled services, and (3) claims that were assigned with incorrect Health Insurance Prospective Payment System (HIPPS) payment codes. These errors occurred primarily because Caretenders did not have adequate controls to prevent the incorrect billing of Medicare claims within the selected risk areas. On the basis of our sample results, we estimated that Caretenders received overpayments of approximately $4.4 million for the audit period. All 100 claims in our sample are outside of the Medicare 4-year claim-reopening period.

What OIG Recommends and Caretenders Comments

We recommend that Caretenders exercise reasonable diligence to identify, report, and return any overpayments in accordance with the 60-day rule and identify any returned overpayments as having been made in accordance with this recommendation. We also recommend that Caretenders ensure that: (1) the homebound statuses of Medicare beneficiaries are verified and continually monitored and the specific factors qualifying beneficiaries as homebound are documented, (2) beneficiaries are receiving only reasonable and necessary skilled services, and (3) the correct HIPPS payment codes are billed.

In written comments on our draft report, Caretenders agreed that one of the 55 claims we found to have been improperly billed was paid in error. Caretenders disagreed with our remaining findings and our two recommendations. Caretenders reviewed the claims we questioned and challenged our independent medical review contractor's decisions, maintaining that nearly all of the sampled claims were billed correctly. To address these concerns, we asked our medical review contractor to review Caretenders' written comments and claim rebuttals. Based on the results of that review and our review of additional documentation that Caretenders provided, we reduced the number of sampled claims incorrectly billed from 55 to 39 and revised the related findings and recommendations. We maintain that our remaining findings and recommendations, as revised are valid.