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

Medicare Compliance Review of Parkridge Medical Center, Inc., for 2014 and 2015

Why OIG Did This Review

This review is part of a series of hospital compliance reviews. Using computer matching, data mining, and data analysis techniques, we identified hospital claims that were at risk for noncompliance with Medicare billing requirements. For calendar year 2015, Medicare paid hospitals $163 billion, which represents 46 percent of all fee-for-service payments for the year.

Our objective was to determine whether Parkridge Medical Center, Inc. (Hospital) complied with Medicare requirements for billing inpatient services on selected types of claims.

How OIG Did This Review

We selected for review a stratified random sample of 100 inpatient claims with payments totaling $1.8 million for our audit period (January 1, 2014, through December 31, 2015).

We focused our review on the risk areas that we identified as a result of prior OIG reviews at other hospitals. We evaluated compliance with selected billing requirements.

What OIG Found

The Hospital complied with Medicare billing requirements for 88 of the 100 inpatient claims we reviewed. However, the Hospital did not fully comply with Medicare billing requirements for the remaining 12 claims, resulting in net overpayments of $65,029.

On the basis of our sample results, we estimated that the Hospital received overpayments of at least $201,808 for our audit period. During the course of our audit, the Hospital submitted some of these claims for reprocessing that we verified as correctly reprocessed. Accordingly, we have reduced the recommended refund by this amount.

What OIG Recommends and Hospital Comments

We recommended that the Hospital refund to the contractor $191,936 ($201,808 less $9,872 that had already been repaid) in estimated overpayments for the audit period for claims that it incorrectly billed; exercise reasonable diligence to identify and return any additional similar overpayments received outside of our audit period, in accordance with the 60-day rule; and strengthen controls to ensure full compliance with Medicare requirements.

The Hospital did not agree with most of our findings and recommendations. Specifically, the Hospital disagreed with 8 of the 12 claim errors that we identified. We obtained independent medical review for medical necessity and coding errors, and our report reflects the results of that review. Therefore, we maintain that all of our findings and recommendations are correct.