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

Medicare Home Health Agency Provider Compliance Audit: Tender Touch Health Care Services

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 were not confined to the home (homebound) or were not in need of skilled services.

Our objective was to determine whether Tender Touch Health Care Services (Tender Touch) complied with Medicare requirements for billing home health services on selected types of claims.

How OIG Did This Audit

Our audit covered $7.2 million in Medicare payments to Tender Touch for 1,981 claims. These claims were for home health services provided in calendar years 2016 and 2017 (audit period). We selected a stratified random sample of 100 home health claims and submitted those claims to independent medical review to determine whether the services met coverage, medical necessity, and coding requirements.

What OIG Found

Tender Touch did not comply with Medicare billing requirements for 21 of the 100 home health claims that we reviewed. For these claims, Tender Touch received net overpayments of $42,229 for services provided during our audit period. Specifically, Tender Touch incorrectly billed Medicare for services provided to beneficiaries who were not homebound and services provided to beneficiaries who did not require skilled services. These errors occurred primarily because Tender Touch 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 Tender Touch received overpayments of at least $478,780 for the audit period.

What OIG Recommends and Tender Touch Comments

We made several recommendations to Tender Touch, including that it: (1) refund to the Medicare program the portion of the estimated $478,780 overpayment for claims incorrectly billed that are within the 4-year reopening period; (2) based on the results of this audit, exercise reasonable diligence to identify, report, and return any overpayments in accordance with the 60-day rule and identify any of those returned overpayments as having been made in accordance with this recommendation; and (3) strengthen its procedures.

In written comments on our draft report, Tender Touch disagreed with our findings and did not address any of our recommendations. Tender Touch disputed our independent medical review contractor's determinations, maintaining that it billed all of the sampled claims correctly. To address Tender Touch's concerns related to the medical review decisions, we had our medical review contractor review Tender Touch's written comments on our draft report and reconsider each of the 27 claims that we questioned in our draft report.

Based on the results of this review, we revised our determinations, reducing the total number of sampled claims originally found to be in error in our draft report from 27 to 21, and adjusted the findings for an additional 12 claims. With these actions taken, we maintain that our remaining findings and recommendations are valid, although we acknowledge Tender Touch's right to appeal the findings.