

## Report in Brief

Date: March 2021

Report No. A-04-19-08075

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



### Why OIG Did This Audit

This audit is part of a series of hospital compliance audits. 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 2018, Medicare paid hospitals \$179 billion, which represents 47 percent of all fee-for-service payments for the year.

Our objective was to determine whether Sunrise Hospital & Medical Center (the Hospital) complied with Medicare requirements for billing inpatient and outpatient services on selected types of claims.

### How OIG Did This Audit

Our audit covered about \$41 million in Medicare payments to the Hospital for 2,117 claims that were potentially at risk for billing errors. We selected for review a stratified random sample of 85 inpatient and 15 outpatient claims with payments totaling \$2.4 million for our 2-year audit period (January 1, 2017, through December 31, 2018).

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

## Medicare Hospital Provider Compliance Audit: Sunrise Hospital & Medical Center

### What OIG Found

The Hospital complied with Medicare billing requirements for 46 of the 100 inpatient and outpatient claims we reviewed. However, the Hospital did not fully comply with Medicare billing requirements for the remaining 54 claims, resulting in net overpayments of \$999,950 for the audit period. Specifically, 50 inpatient claims and 4 outpatient claims had billing errors.

On the basis of our sample results, we estimated that the Hospital received overpayments of at least \$23.6 million for the audit period. During the course of our audit, the Hospital submitted five of these claims for reprocessing, and we verified those claims as correctly reprocessed. Accordingly, we have reduced the recommended refund by \$8,914.

### What OIG Recommends and Hospital Comments

We recommend that the Hospital: (1) refund to the Medicare contractor \$23.6 million in net estimated overpayments for the audit period for claims that it incorrectly billed that are within the 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 controls to ensure full compliance with Medicare requirements. The detailed recommendations are listed in the body of the report.

In written comments on our draft report, the Hospital disagreed with most of our findings and recommendations. The Hospital disagreed with the inpatient rehabilitation facility claims that we identified as incorrectly billed and the majority of the other errors identified in this report. In addition, the Hospital disagreed with our medical review contractor and extrapolation.

After review and consideration of the Hospital's comments, we maintain that our findings and recommendations are correct. We submitted the claims selected for review to an independent medical review contractor that reviewed the medical records in their entirety to determine whether the services were medically necessary and provided in accordance with Medicare coverage and documentation requirements. The medical reviewer was board certified in physical medicine and rehabilitation, pain management, and spinal cord injury medicine. The use of statistical sampling to determine overpayment amounts in Medicare is well established and has repeatedly been upheld on appeal in Federal courts.