

Report in Brief

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



Why OIG Did This Audit

Medicare Part B covers dialysis services for beneficiaries with end-stage renal disease (ESRD). Prior OIG reviews identified inappropriate Medicare payments made for ESRD dialysis services that were medically unnecessary, not properly ordered, undocumented, or did not comply with Medicare consolidated billing requirements.

We selected Dialysis Clinic, Inc. (DCI), because it ranked among the highest paid providers of dialysis services in the United States, and Medicare surveyors identified various health and safety issues.

Our objective was to determine whether dialysis services provided by DCI complied with Medicare requirements.

How OIG Did This Audit

Our audit covered 112,192 claims for dialysis services provided during the audit period (calendar year 2018) for which DCI received Medicare reimbursement totaling \$276,427,841. We reviewed a random sample of 100 claims. We evaluated the services for compliance with Medicare requirements and submitted them to independent medical review.

Medicare Dialysis Services Provider Compliance Audit: Dialysis Clinic, Inc.

What OIG Found

DCI claimed reimbursement for dialysis services that did not comply with Medicare requirements for 70 of the 100 sampled claims. Specifically, DCI submitted claims for which: (1) comprehensive assessments or plans of care did not meet Medicare requirements, (2) dialysis treatments were not completed, (3) dialysis services were not documented, (4) beneficiaries' height or weight measurements did not comply with Medicare requirements, and (5) the medical record did not have a monthly progress note by a physician or other qualified professional.

While DCI had established corporate-wide internal controls to monitor and maintain complete, accurate, and accessible medical records at all its facilities, these controls were not always effective in ensuring that DCI's claims for dialysis services complied with Medicare requirements.

We estimated that DCI received unallowable Medicare payments of at least \$14,193,677 for dialysis services that did not comply with Medicare requirements. Many of the errors we identified did not affect DCI's Medicare reimbursement for the services since they were reimbursed on a bundled per treatment basis or related to Medicare conditions for coverage. However, the deficiencies could have a significant impact on the quality of care provided to Medicare beneficiaries and could result in the provision of inappropriate or unnecessary dialysis services.

What OIG Recommends and DCI Comments

We recommend that DCI refund an estimated \$14,193,677 to the Medicare program. We also made a series of recommendations to strengthen DCI's internal controls to ensure that dialysis services comply with Medicare requirements.

In written comments on our draft report, DCI did not concur with our recommendations but described actions it has taken and plans to take to address some of them. DCI disagreed with our findings and stated the report does not accurately consider the nature of DCI's corporate structure. DCI also stated that our sampling methodology was flawed. After reviewing DCI's comments, we revised our determinations for 15 claims and adjusted our related recommendations accordingly. We maintain that our findings and recommendations, as revised, are valid. We also maintain that our sampling methodology was valid.