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

Medicare Home Health Agency Provider Compliance Review: Angels Care Home Health

Why OIG Did This Review

Under the Medicare 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 reviews 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.

The objective of this review was to determine whether Angels Care Home Health (the Agency) complied with Medicare requirements for billing home health services.

How OIG Did This Review

We selected a stratified random sample of 100 home health claims (28 of which were for services in calendar year (CY) 2013 that were outside of the 4-year claim-reopening period). We evaluated the sampled claims for compliance with selected billing requirements and submitted these claims to independent medical review to determine whether the services met coverage, medical necessity, and coding requirements.

What OIG Found

The Agency did not comply with Medicare billing requirements for 29 of the 72 home health claims paid in CYs 2014 or 2015 that we reviewed. For these claims, the Agency received overpayments of $57,148. Specifically, the Agency incorrectly billed Medicare because (1) beneficiaries were not homebound, (2) beneficiaries did not require skilled services, or (3) claims were assigned with incorrect Health Insurance Prospective Payment System payment codes. On the basis of our sample results, we estimated that during CYs 2014 and 2015 the Agency received overpayments totaling $3.8 million.

What OIG Recommends and Agency Comments

We recommended that the Agency (1) refund to the Medicare program the portion of the $3.8 million in estimated overpayments received during CYs 2014 and 2015 for claims incorrectly billed and within the reopening and recovery periods; (2) for the rest of the $3.8 million in estimated overpayments for claims that are outside the 4-year reopening period, exercise reasonable diligence to identify and return overpayments in accordance with the 60-day rule, and identify any returned overpayments as having been made in accordance with this recommendation; (3) exercise reasonable diligence to identify and return any additional similar overpayments outside of our audit period, in accordance with the 60-day rule, and identify any returned overpayments as having been made in accordance with this recommendation; and (4) strengthen controls to ensure full compliance with requirements for billing home health services.

The Agency disagreed with most of our findings and did not concur with any of our recommendations, including our extrapolated overpayment. The Agency disagreed with the determinations for 25 of the 41 claims questioned in our draft report, and it provided additional documentation related to these claims. The Agency agreed that 16 of the reported claims were not billed correctly. The Agency said that our draft report significantly overstated the error rate and that our statistical sampling methodology was unreliable and inherently flawed. After reviewing the Agency's comments, its additional documentation, and the results of additional medical review, we revised our determinations, reducing the total number of reportable error claims from 41 to 29, and revised our related findings and recommendations. We maintain that all of our findings, as revised, and all of our recommendations remain valid. Our medical review contractor considered the entire medical record associated with each of the claims in question, and made its determinations in accordance with Medicare guidelines. Our statistical approach resulted in a legally valid and reasonably conservative estimate of Medicare's overpayments to the Agency.

The full report can be found at https://oig.hhs.gov/oas/reports/region7/71605093.asp.