

Report in Brief

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



Why OIG Did This Audit

Under the Medicare Advantage (MA) program, the Centers for Medicare & Medicaid Services (CMS) makes monthly payments to MA organizations according to a system of risk adjustment that depends on the health status of each enrollee. Accordingly, MA organizations are paid more for providing benefits to enrollees with diagnoses associated with more intensive use of health care resources than to healthier enrollees who would be expected to require fewer health care resources.

To determine the health status of enrollees, CMS relies on MA organizations to collect diagnosis codes from their providers and submit these codes to CMS. Some diagnoses are at higher risk for being miscoded, which may result in overpayments from CMS.

For this audit, we reviewed one MA organization, Anthem Community Insurance Company, Inc. (Anthem), and focused on seven groups of high-risk diagnosis codes. Our objective was to determine whether selected diagnosis codes that Anthem submitted to CMS for use in CMS's risk adjustment program complied with Federal requirements.

How OIG Did This Audit

We sampled 203 unique enrollee-years with the high-risk diagnosis codes for which Anthem received higher payments for 2015 through 2016. We limited our review to the portions of the payments that were associated with these high-risk diagnosis codes, which totaled \$599,842.

Medicare Advantage Compliance Audit of Specific Diagnosis Codes That Anthem Community Insurance Company, Inc. (Contract H3655) Submitted to CMS

What OIG Found

With respect to the seven high-risk groups covered by our audit, most of the selected diagnosis codes that Anthem submitted to CMS for use in CMS's risk adjustment program did not comply with Federal requirements. For 123 of the 203 enrollee-years, the diagnosis codes that Anthem submitted to CMS were not supported in the medical records and resulted in \$354,016 of net overpayments for the 203 enrollee-years.

These errors occurred because the policies and procedures that Anthem had to detect and correct noncompliance with CMS's program requirements, as mandated by Federal regulations, were not always effective. On the basis of our sample results, we estimated that Anthem received at least \$3.47 million of net overpayments for these high-risk diagnosis codes in 2015 and 2016.

What OIG Recommends and Anthem Comments

We recommend that Anthem refund to the Federal Government the \$3.47 million of net overpayments; identify, for the high-risk diagnoses included in this report, similar instances of noncompliance that occurred before or after our audit period and refund any resulting overpayments to the Federal Government; and enhance its compliance procedures to focus on diagnosis codes that are at high risk for being miscoded by (1) determining whether these diagnosis codes (when submitted to CMS for use in CMS's risk adjustment program) comply with Federal requirements and (2) educating its providers about the proper use of these diagnosis codes.

Anthem did not concur with our findings and recommendations. Anthem disagreed with our findings for 2 specific enrollee-years and provided additional explanations. Anthem also did not agree with the methodologies that we used to review the selected diagnoses and to calculate the \$3.47 million of net overpayments. Anthem also said that our report reflected misunderstandings of legal and regulatory requirements underlying the MA program.

After reviewing Anthem's comments and the information provided, we maintain that all of our findings and recommendations remain valid. We followed a reasonable audit methodology, properly executed our sampling methodology, and correctly applied applicable Federal requirements underlying the MA program.