

Report in Brief

Date: August 2023

Report No. A-07-20-01197

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, Presbyterian Health Plan, Inc. (PHP), and focused on seven groups of high-risk diagnosis codes. Our objective was to determine whether selected diagnosis codes that PHP submitted to CMS for use in CMS's risk adjustment program complied with Federal requirements.

How OIG Did This Audit

We sampled 211 unique enrollee-years with the high-risk diagnosis codes for which PHP received higher payments for 2017 through 2018. We limited our review to the portions of the payments that were associated with these high-risk diagnosis codes, which totaled \$496,911.

Medicare Advantage Compliance Audit of Specific Diagnosis Codes That Presbyterian Health Plan, Inc. (Contract H3204) 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 PHP submitted to CMS for use in CMS's risk adjustment program did not comply with Federal requirements. Specifically, for 198 of the 211 sampled enrollee-years, the medical records that PHP provided did not support the diagnosis codes and resulted in \$442,454 in net overpayments. As demonstrated by the errors found in our sample, PHP's policies and procedures to prevent, detect, and correct noncompliance with CMS's program requirements, as mandated by Federal regulations, could be improved. On the basis of our sample results, we estimated that PHP received at least \$2.2 million in net overpayments for 2017 and 2018. Because of Federal regulations (updated after we issued our draft report) that limit the use of extrapolation in Risk Adjustment Data Validation audits for recovery purposes to payment years 2018 and forward, we are reporting the overall estimated net overpayment amount but are recommending a refund of \$1.3 million (\$206,048 for the sampled enrollee-years from 2017 and an estimated \$1.1 million for 2018).

What OIG Recommends and PHP Comments

We recommend that PHP: (1) refund to the Federal Government the \$1.3 million of estimated net overpayments; (2) 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 (3) continue its examination of its existing compliance procedures to identify areas where improvements can be made to ensure that diagnosis codes that are at high risk for being miscoded comply with Federal requirements (when submitted to CMS for use in CMS's risk adjustment program) and take the necessary steps to enhance those procedures.

PHP did not concur with any of our recommendations. PHP said that we overstated the estimated net overpayments because we used a flawed audit process and extrapolation methodology. PHP acknowledged its responsibility regarding data accuracy but also said that it had effective compliance procedures in place. After reviewing PHP's comments, we maintain that our findings and recommendations are valid. We revised the amount in our first recommendation in accordance with CMS's updated regulations. We made no changes to our second and third recommendations.