

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

How OIG Did This Audit

We sampled 210 unique enrollee-years with the high-risk diagnosis codes for which Excellus 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 \$515,090.

Medicare Advantage Compliance Audit of Specific Diagnosis Codes That Excellus Health Plan, Inc. (Contract H3351) 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 Excellus submitted to CMS for use in CMS's risk adjustment program did not comply with Federal requirements. Specifically, for 202 of the 210 sampled enrollee-years, the medical records that Excellus provided did not support the diagnosis codes and resulted in \$479,487 in overpayments. As demonstrated by the errors found in our sample, Excellus's policies and procedures to prevent, detect, and correct noncompliance with CMS's program requirements could be improved. On the basis of our sample results, we estimated that Excellus received approximately \$5.4 million in 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 overpayment amount but are recommending a refund of \$3.1 million (\$235,453 for the sampled enrollee-years from 2017 and an estimated \$2.9 million for 2018).

What OIG Recommends and Excellus Comments

We recommend that Excellus: (1) refund to the Federal Government the \$3.1 million of estimated 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 and take the necessary steps to enhance those procedures.

Excellus disagreed with our recommendations and disagreed with our findings for 2 sampled enrollee-years which, according to Excellus, were supported by the medical records. Excellus did not directly agree or disagree with our findings for the remaining 200 enrollee-years. Excellus did not agree with our audit methodology, use of extrapolation, standards for data accuracy, and medical record review process. After reviewing Excellus'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.