

## Report in Brief

Date: May 2021

Report No. A-09-18-03017

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



### Why OIG Did This Audit

The Medicare hospice benefit allows providers to claim Medicare reimbursement for hospice services provided to individuals with a life expectancy of 6 months or less who have elected hospice care. Previous OIG audits and evaluations found that Medicare inappropriately paid for hospice services that did not meet certain Medicare requirements.

Our objective was to determine whether hospice services provided by Ambercare Hospice, Inc. (Ambercare), complied with Medicare requirements.

### How OIG Did This Audit

Our audit covered 13,382 claims for which Ambercare (located in Albuquerque, New Mexico) received Medicare reimbursement of \$53.8 million for hospice services provided from January 1, 2016, through December 31, 2017. We reviewed a random sample of 100 claims. We evaluated compliance with selected Medicare billing requirements and submitted these sampled claims and the associated medical records to an independent medical review contractor to determine whether the services met coverage, medical necessity, and coding requirements.

## Medicare Hospice Provider Compliance Audit: Ambercare Hospice, Inc.

### What OIG Found

Ambercare received Medicare reimbursement for hospice services that did not comply with Medicare requirements. Of the 100 hospice claims in our sample, 48 claims complied with Medicare requirements. However, for the remaining 52 claims, the clinical record did not support the beneficiary's terminal prognosis.

Improper payment of these claims occurred because Ambercare's policies and procedures were not effective in ensuring that the clinical documentation it maintained supported the terminal illness prognosis. On the basis of our sample results, we estimated that Ambercare received at least \$24.6 million in unallowable Medicare reimbursement for hospice services.

### What OIG Recommends and Ambercare Comments

We recommend that Ambercare: (1) refund to the Federal Government the portion of the estimated \$24.6 million for hospice services that did not comply with Medicare requirements and that are within the 4-year reopening period; (2) based upon the results of this audit, exercise reasonable diligence to identify, report, and return any overpayments in accordance with the 60-day rule; and (3) strengthen its policies and procedures to ensure that hospice services comply with Medicare requirements.

In written comments on our draft report, Ambercare, through its attorney, stated that it disputed nearly all of our findings and did not concur with our recommendations. However, Ambercare agreed to refund any overpayments for the four claims it agreed were in error. Ambercare stated that our independent medical review contractor did not apply the correct standard to determine whether the beneficiary's clinical record supported a terminal prognosis and the beneficiary's eligibility to receive hospice services. In addition, Ambercare's statistical expert challenged the validity of our statistical sampling methodology and the resulting extrapolation.

After reviewing Ambercare's comments, we maintain that our findings and recommendations are valid. We also reviewed Ambercare's statistical expert's comments and maintain that our sampling methodology and extrapolation were statistically valid and resulted in a legally valid and reasonably conservative estimate of the amount that Medicare overpaid to Ambercare.