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

Medicare Advantage Compliance Audit of Specific Diagnosis Codes That Geisinger Health Plan (Contract H3954) Submitted to CMS

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

How OIG Did This Audit

We sampled 270 unique enrollee-years with the high-risk diagnosis codes for which Geisinger received higher payments for 2016 and 2017. We limited our review to the portions of the payments that were associated with these high-risk diagnosis codes, which totaled $706,678.

What OIG Found

With respect to the nine high-risk groups covered by our audit, most of the selected diagnosis codes that Geisinger submitted to CMS for use in CMS's risk adjustment program did not comply with Federal requirements. For 224 of the 270 sampled enrollee-years, either the medical records that Geisinger provided did not support the diagnosis codes or Geisinger could not locate the medical records to support the diagnosis codes, resulting in $566,476 of net overpayments. As demonstrated by the errors found in our sample, Geisinger'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 Geisinger received at least $6.5 million of net overpayments for 2016 and 2017.

What OIG Recommends and Geisinger Comments

We recommend that Geisinger: (1) refund to the Federal Government the $566,476 of net overpayments; (2) identify, for the high-risk diagnoses included in this report, similar instances of noncompliance that occurred before and after our audit period and refund any resulting overpayments to the Federal Government; and (3) examine 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.

Geisinger disagreed with all of our findings and recommendations. Specifically, Geisinger disagreed with our first recommendation in the draft report that it should refund $6.5 million in estimated net overpayments and disagreed with our second and third recommendations. However, Geisinger did not specifically disagree with any of the findings for the sampled enrollee-years identified in our draft report as not having medical records to support the associated diagnosis codes. Geisinger stated that it would delete unsupported codes found for the 224 sampled enrollee-years during our audit.

After reviewing Geisinger's comments, we maintain that our findings are valid. After we had issued our draft report, CMS updated regulations for audits in its risk adjustment program to specify that extrapolated overpayments could only be recouped beginning with payment year 2018. Because our audit period covered payment years 2016 and 2017, we changed our first recommendation to specify a refund of only the net overpayments for the sampled enrollee-years. We made no changes to our second and third recommendations.