

Report in Brief

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



Why OIG Did This Audit

The Centers for Medicare & Medicaid Services' (CMS's) analysis of past Medicare claims data has identified vulnerabilities in the Medicare payment process that allow billing for neurostimulator implantation surgeries that violate Medicare coverage requirements. Claims for spinal neurostimulator implantation surgeries, involving either the insertion or replacement of neurostimulators, increased by nearly 175 percent between 2007 and 2018, according to CMS. CMS directed a supplemental medical review contractor to conduct postpayment medical reviews of Medicare Part B spinal neurostimulator implantation surgeries. Those reviews found payment error rates as high as 72 percent.

Our objective was to determine whether health care providers complied with Medicare requirements when they billed for neurostimulator implantation surgeries.

How OIG Did This Audit

Our audit covered \$1.4 billion in Medicare payments to providers for 58,213 beneficiaries who had at least one neurostimulator implantation surgery during calendar years 2016 and 2017. We identified beneficiaries as having a neurostimulator implantation surgery if a Medicare claim was submitted with Healthcare Common Procedure Coding System codes 61885, 61886, or 63685. We reviewed a stratified random sample of 106 beneficiaries associated with 124 Medicare claims with payments totaling \$3.4 million. These claims were submitted by 102 providers.

Medicare Overpaid \$636 Million for Neurostimulator Implantation Surgeries

What OIG Found

More than 40 percent of the health care providers covered by our audit did not comply with Medicare requirements when they billed for neurostimulator implantation surgeries. We determined that medical records for 48 of the sampled beneficiaries (associated with 46 providers) did not contain support that providers met Medicare requirements. On the basis of our sample results, we estimated that during calendar years 2016 and 2017 providers received \$636 million in unallowable Medicare payments associated with neurostimulator implantation surgeries and beneficiaries paid \$54 million in related unnecessary copays and deductibles. These unallowable payments occurred because providers did not include sufficient documentation in the medical records to support that Medicare coverage requirements were met. Furthermore, claims for neurostimulator implantation surgeries did not require prior authorization and are not subject to prepayment review. During our audit, CMS published a final rule that requires prior authorizations for implanted spinal neurostimulators; however, this rule does not include claims for Parkinson's disease or seizure disorders.

What OIG Recommends and CMS Comments

We recommend that CMS instruct the Medicare contractors to: (1) recover the portion of the \$1,205,654 in identified Medicare potential overpayments for the 54 incorrectly billed claims that are within the 4-year reopening period; (2) instruct the 46 providers identified with the incorrectly billed claims to refund \$115,206 in coinsurance amounts that have been collected from the 48 sampled beneficiaries for claims within the 4-year reopening period; (3) determine which of the remaining 58,107 claims in our sampling frame were incorrectly billed, recover Medicare overpayments that are within the 4-year reopening period, and instruct the providers to refund beneficiary coinsurance amounts; and (4) notify the providers with potential overpayments estimated at \$636,498,547, so they can exercise reasonable diligence to identify, report, and return any overpayments in accordance with the 60-day rule. We also recommend that CMS: (1) conduct provider outreach and education regarding the Medicare coverage requirements for neurostimulator implantation surgeries and (2) require prior authorization for neurostimulator implantation surgeries for Parkinson's disease and seizure disorders.

In written comments on our draft report, CMS concurred with our recommendations and provided details about the actions it has taken or plans to take.