

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 using 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 relative 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. For this audit, we reviewed one MA organization, Blue Cross & Blue Shield of Rhode Island (BCBS RI) and focused on nine groups of high-risk diagnosis codes for payment years 2016 and 2017.

Our objective was to determine whether selected diagnosis codes that BCBS RI 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 BCBS RI received higher payments for 2016 through 2017. We limited our review to the portions of the payments that were associated with these high-risk diagnosis codes, which totaled \$732,418.

Medicare Advantage Compliance Audit of Specific Diagnosis Codes That BCBS of Rhode Island (H4152) Submitted to CMS

What OIG Found

With respect to the nine high-risk groups covered by our audit, most of the selected diagnosis codes that BCBS RI submitted to CMS for use in CMS's risk adjustment program did not comply with Federal requirements. For 58 of the 270 sampled enrollee-years, the medical records validated the reviewed Hierarchical Condition Categories (HCCs). For the remaining 212 enrollee-years, however, either the medical records that BCBS RI provided did not support the diagnosis codes or BCBS RI could not obtain the medical records to support the diagnosis codes and the associated HCCs were therefore not validated. As demonstrated by the errors found in our sample, BCBS RI's policies and procedures to prevent, detect, and correct noncompliance with CMS's program requirements, as mandated by Federal regulations, could be improved. As a result, the HCCs for these high-risk diagnosis codes were not validated. On the basis of our sample results, we estimated that BCBS RI received at least \$4.8 million in net overpayments for 2016 and 2017.

What OIG Recommends and BCBS RI Comments

We recommend that BCBS RI: (1) refund to the Federal Government the \$4.8 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 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.

BCBS RI concurred with our second and third recommendations, but disagreed with our first recommendation. BCBS RI provided additional information that it believed: (1) validated the reviewed HCCs for 27 enrollee-years, and (2) supported that 1 enrollee-year should not be considered a finding because BCBS RI had corrected the overpayment prior to our audit. BCBS RI stated we did not properly conduct statistical sampling or correctly follow established guidelines. After reviewing BCBS RI's comments and additional information, we revised the number of enrollee-years in error from 222 to 212 and the amount of our first recommendation from \$5.3 to \$4.8 million for this final report. We followed a reasonable audit methodology and correctly applied applicable Federal requirements underlying the MA program.