



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Office of Audit Services
Jacob Javits Federal Building
26 Federal Plaza, Room 3900
New York, NY 10278

May 11, 2010

Report Number: A-02-09-01010

Mr. Joel A. Perlman
Executive Vice President – Finance
Montefiore Medical Center
111 E. 210th Street
Bronx, NY 10467

Dear Mr. Perlman:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Medicare Credit Balances at the Jack D. Weiler Hospital of the Albert Einstein College of Medicine*. We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or Jeffrey I. Jacobs, Audit Manager, at (212) 264-1321 or through email at Jeffrey.Jacobs@oig.hhs.gov. Please refer to report number A-02-09-01010 in all correspondence.

Sincerely,

/James P. Edert/
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Nanette Foster Reilly
Consortium Administrator
Consortium for Financial Management & Fee for Service Operations (CFMFFSO)
Centers for Medicare & Medicaid Services
601 East 12th Street, Room 235
Kansas City, Missouri 64106
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Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF MEDICARE
CREDIT BALANCES AT
THE JACK D. WEILER HOSPITAL
OF THE ALBERT EINSTEIN
COLLEGE OF MEDICINE**



Daniel R. Levinson
Inspector General

May 2010
A-02-09-01010

Office of Inspector General

<http://oig.hhs.gov>

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health & Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

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The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

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Department of Health & Human Services

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Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
at <http://oig.hhs.gov>

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site.

OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

EXECUTIVE SUMMARY

BACKGROUND

Pursuant to Title XVIII of the Social Security Act (the Act), the Medicare program provides health insurance for persons aged 65 and over and those who are disabled or have permanent kidney disease. Section 1866(a)(1)(c) of the Act requires participating providers to furnish information to the Centers for Medicare & Medicaid Services (CMS), which administers the program, about payments made to them and to refund any payments incorrectly paid including credit balances.

A credit balance is an improper or excess payment made to a provider as a result of patient billing or claims processing errors. Credit balances generally occur when a provider is paid twice for the same service either by Medicare or by Medicare and another insurer; paid for services planned but not performed or for non-covered services; overpaid because of errors made in calculating beneficiary deductible and/or coinsurance amounts; or a hospital that bills and is paid for outpatient services included in a beneficiary's inpatient claim.

The Jack D. Weiler Hospital of the Albert Einstein College of Medicine (the hospital) is a full service, 396-bed acute-care hospital in The Bronx, New York. The hospital is operated by Montefiore Health System. As of December 31, 2008, the hospital's accounting records showed 483 Medicare credit balances totaling \$733,143.

OBJECTIVE

Our objective was to determine whether Medicare credit balances recorded in the hospital's accounting records as of December 31, 2008, represented overpayments that the hospital should have refunded to the Medicare program.

SUMMARY OF FINDING

The hospital did not always refund credit balances to Medicare in accordance with Federal requirements. Of the 110 credit balances in our sample, 8 credit balances, totaling \$56,101, represented overpayments that were not refunded to Medicare in accordance with Federal requirements. These credit balances had been recorded in the hospital's accounting records for a period ranging from 2 months to more than 5 years. The remaining 102 credit balances were accounting discrepancies that did not represent overpayments due the Federal Government.

The eight credit balances not refunded to Medicare occurred due to clerical error.

RECOMMENDATION

We recommend that the hospital refund \$56,101 to the Federal Government.

HOSPITAL COMMENTS

In its written comments on our draft report, the hospital concurred with our recommendation. The hospital's comments are included in their entirety as the appendix.

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INTRODUCTION

BACKGROUND

Pursuant to Title XVIII of the Social Security Act (the Act), the Medicare program provides health insurance for persons aged 65 and over and those who are disabled or have permanent kidney disease. Section 1866(a)(1)(c) of the Act requires participating providers to furnish information to the Centers for Medicare & Medicaid Services (CMS), which administers the program, about payments made to them and to refund any payments incorrectly paid including credit balances.

A credit balance is an improper or excess payment made to a provider as a result of patient billing or claims processing errors. Credit balances generally occur when a provider is paid twice for the same service either by Medicare or by Medicare and another insurer; paid for services planned but not performed or for non-covered services; overpaid because of errors made in calculating beneficiary deductible and/or coinsurance amounts; or a hospital that bills and is paid for outpatient services included in a beneficiary's inpatient claim.

CMS requires Medicare providers to submit a completed Medicare Credit Balance Report, Form CMS-838 within 30 days after the close of the calendar quarter, and include all Medicare credit balances shown in the providers' accounting records as of the last day of the reporting quarter. Providers must pay all amounts owed Medicare at the time the credit balance report is submitted. As an exception, pursuant to 42 CFR 489.20(h), providers are required to refund to Medicare within 60 days any payment for the same services from Medicare and another payer that is primary to Medicare.

The Jack D. Weiler Hospital of the Albert Einstein College of Medicine (the hospital) is a full service, 396-bed acute-care hospital in The Bronx, New York. The hospital is part of the Montefiore Health System. As of December 31, 2008, the hospital's accounting records showed 483 Medicare credit balances totaling \$733,143.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

Our objective was to determine whether Medicare credit balances recorded in the hospital's accounting records as of December 31, 2008, represented overpayments that the hospital should have refunded to the Medicare program.

Scope

We limited our review to inpatient credit balances over \$1,000 and outpatient credit balances over \$100 recorded in the hospital's accounting records as of December 31, 2008. We did not review the hospital's overall internal control structure. Rather, we limited our review of internal controls to obtaining an understanding of the hospital's accounting for and reimbursing Medicare for overpayments.

We performed our fieldwork from March through August 2009 at Montefiore Health System's administrative offices in The Bronx, New York.

Methodology

To accomplish our objectives, we:

- reviewed applicable laws, regulations, and guidelines;
- held discussions with hospital officials to obtain an understanding of the hospital's system for accounting for Medicare credit balances;
- obtained information from the Medicare administrative contractor regarding credit balances reported by the hospital;
- reconciled the hospital's Medicare credit balances for the period ending December 31, 2008, to those reported to the Medicare administrative contractor;
- reconciled Medicare's accounts receivable totals to the hospital's adjusted trial balance as of December 31, 2008;
- identified 483 Medicare credit balances, totaling \$733,143 recorded by the hospital in its accounting records;
- selected for review 80 inpatient credit balances over \$1,000, totaling \$463,931, and 30 outpatient credit balances over \$100, totaling \$60,629;
- reviewed supporting documentation for each of these 110 credit balances, including patient admission forms, Medicare remittance advices, patient accounts receivable details, and other hospital records related to the credit balances to determine whether the amounts recorded on the hospital's books represented actual overpayments due to the Federal Government; and
- determined whether each of the credit balance amounts¹ that represented Medicare overpayments due the Federal Government were refunded in accordance with Federal requirements.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

¹ The 110 credit balances recorded in the hospital's accounting records exceeded actual overpayments by \$1,282 due to accounting entry errors.

FINDING AND RECOMMENDATION

The Hospital did not always refund credit balances to Medicare in accordance with Federal requirements. Specifically, the hospital did not refund 8 credit balances, totaling \$56,101, to Medicare.

CREDIT BALANCES NOT REFUNDED

Section 1866(a)(1)(c) of the Act requires participating providers to furnish information to CMS, which administers the Medicare program, about payments made to them and to refund any payments incorrectly paid including credit balances.

The Hospital did not always refund credit balances to Medicare in accordance with Federal requirements. Of the 110 credit balances in our sample, 8 credit balances, totaling \$56,101, represented overpayments that were not refunded to Medicare in accordance with Federal requirements. These credit balances had been recorded in the hospital's accounting records for a period ranging from 2 months to more than 5 years. The remaining 102 credit balances were accounting discrepancies that did not represent overpayments due the Federal Government.

The eight credit balances not refunded to Medicare occurred due to clerical error.

RECOMMENDATION

We recommend that the hospital refund \$56,101 to the Federal Government.

HOSPITAL COMMENTS

In its written comments on our draft report, the hospital concurred with our recommendation. The hospital's comments are included in their entirety as the appendix.

APPENDIX

APPENDIX: HOSPITAL COMMENTS

MONTEFIORE MEDICAL CENTER

The University Hospital
for the Albert Einstein
College of Medicine

Henry and Lucy Moses Division

111 East 210th Street
Bronx, NY 10467-2490
718-798-6251 Fax

COMPLIANCE DEPARTMENT

April 29, 2010

Report Number: A-02-09-01010

MONTEFIORE



James P. Edert
Regional Inspector General
For Audit Services
Office of Inspector General
Region II
Jacob Javits Federal Building
26 Federal Plaza -- Room 3900
New York, NY 10278

Dear Mr. Edert,

We have received the Draft Audit Report entitled *Review of Medicare Credit Balances at the Jack D. Weiler Hospital of the Albert Einstein College of Medicine.*

The eight credit balances identified in the audit have been adjusted and handled accordingly.

In response to the audit findings, we reviewed and updated our Medicare Credit Balance Reporting Policy and Procedure to assist with maintaining the timely filing of all credit balances as it relates to overpayments. With enhanced controls and coordination, these updates will also help address and alleviate clerical errors.

To further ensure that all credit balances are captured, report specifications were changed as we are running the credit reports at the reference number balance level rather than account number level. This change has made it easier to trace and resolve existing credits.

Sincerely,

Maria Matzoros
AVP, Compliance
Montefiore Medical Center

CC: Joel Perlman, EVP Finance
Lynn Stansel, VP & Counsel, Compliance