Why OIG Did This Review
Since its inception, the Medicare program has shared in the costs of educational activities incurred by participating hospitals and makes two types of payments to teaching hospitals to support graduate medical education (GME) programs for physicians and other practitioners. Further, prior OIG reports have identified hospitals in four Medicare Administrative Contractor (MAC) jurisdictions that counted residents and interns as more than one full-time equivalent (FTE) and, as a result, received excess Medicare GME reimbursement. Our objective was to determine whether hospitals in MAC Jurisdiction F claimed Medicare GME reimbursement for residents in accordance with Federal requirements.

How OIG Did This Review
Our review covered Intern and Resident Information System (IRIS) data submitted by hospitals in MAC Jurisdiction F for fiscal years (FYS) 2012 and 2013. We obtained and analyzed the IRIS data to identify residents claimed by more than one hospital for the same period and whose total FTE count exceeded one.

Some Hospitals in Medicare Jurisdiction F Claimed Residents as More Than One Full-Time Equivalent

What OIG Found
For Medicare cost reports covering FYS 2012 and 2013, 41 hospitals in Arizona, Idaho, Montana, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming claimed GME reimbursement for residents who were claimed by more than 1 hospital within MAC Jurisdiction F for the same period and whose total FTE count exceeded 1.

The overstated FTE counts and excess reimbursement occurred because there was no Federal requirement for Noridian Healthcare Solutions (Noridian), which administers the Medicare program for MAC Jurisdiction F, to review IRIS data that hospitals submitted to detect whether a resident had overlapping rotational assignments at more than one hospital. As a result, Noridian did not have procedures to adequately ensure that no resident was counted as more than one FTE in the calculation of Medicare GME payments.

Twenty-one of the forty-one hospitals with overstated FTEs in MAC Jurisdiction F received excess Medicare GME reimbursement totaling $365,387.

What OIG Recommends and Noridian Comments
We recommend that Noridian (1) recover $365,387 in excess Medicare GME reimbursement paid to 21 hospitals in MAC Jurisdiction F; (2) adjust the direct and indirect FTE counts claimed on the Medicare cost reports covering FYS 2012 and 2013 for each of the hospitals that did not always claim Medicare GME reimbursement in accordance with Federal requirements; (3) develop procedures to ensure that no resident is counted as more than 1 FTE in the calculation of Medicare GME payments; and (4) identify and recover any additional overpayments made to hospitals in MAC Jurisdiction F for residents whose FTE count exceeded 1 on Medicare cost reports submitted after FY 2013.

Noridian did not concur with our recommendations. Noridian indicated that it will use our findings to adjust some of the hospitals’ cost reports in accordance with CMS instructions and its MAC Jurisdiction F contract statement. After reviewing Noridian’s comments, we maintain that it should adjust the direct and indirect FTE counts claimed on all cost reports that included residents whose total FTE count exceeded 1 and recover any excess Medicare reimbursement.