

Report in Brief

Date: November 2020

Report No. A-02-16-01023

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



Why OIG Did This Audit

The Medicare hospice benefit allows providers to claim Medicare reimbursement for hospice services provided to individuals with a life expectancy of 6 months or less and who have elected hospice care. Previous OIG reviews found that Medicare inappropriately paid for hospice services that did not meet Medicare requirements.

Our objective was to determine whether hospice services provided by Hospice Compassus, Inc., of Payson, Arizona (Payson), complied with Medicare requirements.

How OIG Did This Audit

Our audit covered 2,150 claims for which Payson received Medicare reimbursement totaling \$8 million for hospice services provided during the period January 2014 through March 2016. We reviewed a random sample of 100 claims. We evaluated the services for compliance with Medicare requirements and submitted records associated with them to a medical review contractor.

Medicare Hospice Provider Compliance Audit: Hospice Compassus, Inc., of Payson, Arizona

What OIG Found

Payson did not comply with Medicare requirements for 39 of the 100 claims in our sample. For these claims, Payson claimed Medicare reimbursement for hospice services: (1) for which the associated beneficiary did not meet eligibility requirements, (2) that were not documented, and (3) at a reimbursement rate associated with a level of care higher than what the associated beneficiary required.

These improper payments occurred because Payson's policies and procedures for ensuring that claims for hospice service met Medicare requirements were not always effective. On the basis of our sample results, we estimated that Payson received at least \$1.8 million in Medicare reimbursement for hospice services that did not comply with Medicare requirements.

What OIG Recommends and Payson Comments

We recommend that Payson exercise reasonable diligence to identify, report, and return overpayments in accordance with the 60-day rule, and based on the results of our audit, identify, report, and return any additional overpayments as having been made in accordance with our recommendations. We also recommended that Payson strengthen its procedures to ensure that hospice services comply with Medicare requirements.

In written comments on our draft report, Payson, through its attorneys, generally disagreed with our findings and recommendations. Specifically, Payson disagreed with all but 2 of the 70 claims questioned in our draft report. Payson asserted that the medical review contractor misunderstood or misapplied coverage criteria related to the Medicare hospice benefit and downplayed the significance of the physician's certification of terminal illness. Additionally, Payson believes that the records it provided supported the certifying physician's prognosis of terminal illness.

Based on the independent medical review contractor's reassessment of the cases disputed by Payson, as well as an evaluation of Payson's comments, we revised our determinations for 32 claims. This resulted in 31 claims being allowable because 1 of the 32 claims remains unallowable for another reason. We revised our report and related recommendations accordingly. We maintain that our findings and recommendations, as revised, are valid.