

Report in Brief

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



Why OIG Did This Audit

Medicare Part B covers dialysis services for beneficiaries with end-stage renal disease (ESRD). Prior OIG reviews identified inappropriate Medicare payments made for ESRD (dialysis) services that were medically unnecessary, not properly ordered, undocumented, or did not comply with Medicare consolidated billing requirements.

We selected Bio-Medical Applications of Arcibo, Inc. (BMA), for audit because it ranked among the highest-paid providers of dialysis services in Puerto Rico and Medicare surveyors identified various health and safety issues.

Our objective was to determine whether dialysis services provided by BMA complied with Medicare requirements.

How OIG Did This Audit

Our audit covered 6,726 beneficiary-months for which BMA received Medicare reimbursement totaling almost \$11.5 million for dialysis services provided during calendar years 2015 and 2016. We reviewed a random sample of 100 beneficiary-months. A beneficiary-month was defined as all dialysis services provided to a beneficiary during 1 calendar month. We evaluated the services for compliance with Medicare requirements and submitted them to independent medical review.

Medicare Dialysis Services Provider Compliance Audit: Bio-Medical Applications of Arcibo, Inc.

What OIG Found

BMA claimed reimbursement for dialysis services that did not comply with Medicare requirements during 96 out of 100 sampled beneficiary-months. Specifically, BMA submitted claims for which (1) plans of care and/or comprehensive assessments did not meet Medicare requirements, (2) beneficiaries' height and/or weight measurements did not comply with Medicare requirements, (3) there were no valid physicians' orders, (4) dialysis treatments were not completed, (5) ESRD measurements were not supported and (6) home dialysis services were not documented.

While BMA had internal controls to monitor and maintain complete, accurate, and accessible medical records, these controls were not always effective or followed to ensure that its claims for dialysis services complied with Medicare requirements.

We estimated that BMA received unallowable Medicare payments of at least \$96,185 for dialysis services that did not comply with Medicare requirements. Most of the errors we identified did not affect BMA's Medicare reimbursement for the services since they were reimbursed on a bundled per-treatment basis or related to Medicare conditions for coverage. However, the deficiencies could have a significant impact on the quality of care provided to Medicare beneficiaries and could result in the provision of inappropriate or unnecessary dialysis services.

What OIG Recommends and BMA Comments

We recommend that BMA refund an estimated \$96,185 to the Medicare program. We also made a series of recommendations to strengthen BMA's internal controls to ensure that dialysis services comply with Medicare requirements.

In written comments on our draft report, BMA did not indicate concurrence or nonconcurrence with our recommendations but described actions it has taken and plans to take to address some of them. BMA generally disagreed with our findings and provided additional documentation under separate cover. BMA also stated that our sampling methodology was flawed and that there was no statistically valid use for it. After reviewing BMA's comments and the additional documentation, we revised our determinations for 17 beneficiary-months and adjusted our related recommendations accordingly. We maintain that our findings and recommendations, as revised, are valid. We also maintain that our sampling methodology was valid.