

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 home health prospective payment system (PPS), the Centers for Medicare & Medicaid Services pays home health agencies (HHAs) a standardized payment for each 60-day episode of care that a beneficiary receives. The PPS payment covers intermittent skilled nursing and home health aide visits, therapy (physical, occupational, and speech-language pathology), medical social services, and medical supplies.

Our prior audits of home health services identified significant overpayments to HHAs. These overpayments were largely the result of HHAs improperly billing for services to beneficiaries who were not confined to the home (homebound) or were not in need of skilled services.

Our objective was to determine whether Visiting Nurse Association of Central Jersey Home Care and Hospice, Inc., (VNA of Central Jersey) complied with Medicare requirements for billing home health services on selected types of claims.

How OIG Did This Audit

Our audit covered over \$66 million in Medicare payments to VNA of Central Jersey for 19,603 claims for home health services provided in calendar years 2015 and 2016 (audit period). We selected a simple random sample of 100 claims and submitted these claims to independent medical review to determine whether the services met medical necessity and coding requirements.

Medicare Home Health Agency Provider Compliance Audit: Visiting Nurse Association of Central Jersey Home Care and Hospice, Inc.

What OIG Found

VNA of Central Jersey did not comply with Medicare billing requirements for 14 of the 100 home health claims that we reviewed. For these claims, VNA of Central Jersey received overpayments of \$21,553 for services provided during our audit period. Specifically, VNA of Central Jersey incorrectly billed Medicare for services provided to beneficiaries who were not homebound or did not require skilled services. It also inappropriately received reimbursement for claims for some services that were not provided, not reasonable or necessary, and incorrectly billed. On the basis of our sample results, we estimated that VNA of Central Jersey received overpayments of at least \$2 million for the audit period.

What OIG Recommends and VNA of Central Jersey Comments

We made several recommendations to VNA of Central Jersey, including that it (1) refund to the Medicare program the portion of the estimated \$2 million overpayment for claims incorrectly billed that are within the reopening period; (2) exercise reasonable diligence to identify and return overpayments, in accordance with the 60-day rule, for claims that are outside the reopening period; (3) exercise reasonable diligence to identify and return any additional similar overpayments outside of our audit period; and (4) strengthen its procedures for billing home health services. The detailed recommendations are listed in the body of the report.

In written comments on our draft report, VNA of Central Jersey disagreed with our findings and recommendations. VNA of Central Jersey retained a health care consultant to review most of the claims we questioned and challenged our independent medical review contractor's decisions, maintaining that nearly all of the sampled claims were billed correctly. To address these concerns, we had our medical reviewer review VNA of Central Jersey's written comments and its consultant's report. Based on the results of that review and our review of additional documentation provided by VNA of Central Jersey, we reduced the sampled claims incorrectly billed from 16 to 14 and revised the related findings and recommendations. In addition, we eliminated one error category originally included in the draft report. We maintain the remaining findings and recommendations are valid, although we acknowledge VNA of Central Jersey's right to appeal the findings.