

Report in Brief

Date: May 2021

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



Why OIG Did This Audit

This audit is part of a series of hospital compliance audits. Using computer matching, data mining, and data analysis techniques, we identified hospital claims that were at risk for noncompliance with Medicare billing requirements. For calendar year 2017, Medicare paid hospitals \$206 billion, which represents 55 percent of all fee-for-service payments for the year.

Our objective was to determine whether Virtua Our Lady of Lourdes Hospital (the Hospital) complied with Medicare requirements for billing inpatient and outpatient services on selected types of claims.

How OIG Did This Audit

Our audit covered about \$20.5 million in Medicare payments to the Hospital for 1,200 claims that were potentially at risk for billing errors. We selected for audit a stratified random sample of 80 inpatient and 20 outpatient claims with payments totaling \$2 million for our 2-year audit period (January 1, 2016, through December 31, 2017).

We focused our audit on the risk areas that we identified as a result of prior OIG audits at other hospitals. We evaluated compliance with selected billing requirements and submitted records associated with them to a medical review contractor.

Medicare Hospital Provider Compliance Audit: Virtua Our Lady of Lourdes Hospital

What OIG Found

The Hospital complied with Medicare billing requirements for 60 of the 100 inpatient and outpatient claims we audited. However, the Hospital did not fully comply with Medicare billing requirements for the remaining 40 claims, resulting in overpayments of \$666,021 for the audit period. Specifically, 37 inpatient claims and 3 outpatient claims had billing errors.

On the basis of our sample results, we estimated that the Hospital received overpayments of approximately \$4.8 million for the audit period. As of the publication of this report, this amount included claims outside of the Medicare 4-year claim-reopening period.

What OIG Recommends and Hospital Comments

We recommend that the Hospital refund to the Medicare contractor the portion of the \$4.8 million in estimated overpayments for the audit period for the claims that it incorrectly billed that are within the reopening period; exercise reasonable diligence to identify, report, and return any additional similar overpayments received outside of our audit period, in accordance with the 60-day rule; and strengthen controls to ensure full compliance with Medicare requirements. The detailed recommendations are listed in the body of the report.

In written comments on our draft report, the Hospital generally disagreed with our recommended financial disallowance (first recommendation), including our statistical methods, stated that it complied with the 60-day rule referenced in our second recommendation, and contended that it did not need to implement our third recommendation (strengthen controls) because it does not believe that it needs additional internal controls.

After reviewing the Hospital's comments, we maintain that our findings and recommendations are valid. We carefully considered the Hospital's comments on our statistical methods, and we maintain that our statistical approach resulted in a legally valid and reasonably conservative estimate of the amount overpaid by Medicare to the Hospital. While the Hospital contends it does not need additional internal controls, we maintain that it should strengthen the controls it already has to ensure compliance with Medicare requirements.