



Office of Audit Services, Region III
Public Ledger Building, Suite 316
150 S. Independence Mall West
Philadelphia, PA 19106-3499

January 5, 2012

Report Number: A-03-10-00013

Ms. Eileen Simmons
Chief Financial Officer
University of Pittsburgh Medical Center Presbyterian Shadyside
200 Lothrop St.
Pittsburgh, PA 15213

Dear Ms. Simmons:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Medicare Acute Care Inpatient Same-Day Readmissions at University of Pittsburgh Medical Center Presbyterian Shadyside Hospital*. We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Leonard Piccari, Audit Manager, at (215) 861-4493 or through email at Leonard.Piccari@oig.hhs.gov. Please refer to report number A-03-10-00013 in all correspondence.

Sincerely,

/Stephen Virbitsky/
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Ms. Nanette Foster Reilly
Consortium Administrator
Consortium for Financial Management & Fee for Service Operations
Centers for Medicare & Medicaid Services
601 East 12th Street, Room 235
Kansas City, Missouri 64106

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF MEDICARE ACUTE CARE
INPATIENT SAME-DAY READMISSIONS AT
UNIVERSITY OF PITTSBURGH MEDICAL
CENTER PRESBYTERIAN SHADYSIDE
HOSPITAL**



Daniel R. Levinson
Inspector General

January 2012
A-03-10-00013

Office of Inspector General

<http://oig.hhs.gov>

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

EXECUTIVE SUMMARY

BACKGROUND

Title XVIII of the Social Security Act (the Act) established the Medicare program, which provides health insurance coverage to people aged 65 and over, people with disabilities, and people with end-stage renal disease. Medicare Part A provides inpatient hospital insurance benefits and extended care services for patients who have been discharged from the hospital. The Centers for Medicare & Medicaid Services (CMS) administers the Medicare program.

Section 1886(d) of the Act established the prospective payment system (PPS) for inpatient hospital services. Under the PPS, CMS pays hospital costs at predetermined rates for patient discharges. The rates vary according to the diagnosis-related group (DRG) to which a beneficiary's stay is assigned. The DRG payment is, with certain exceptions, payment in full to the hospital for all inpatient costs associated with the beneficiary's stay.

The University of Pittsburgh Medical Center Presbyterian Shadyside Hospital (Presbyterian Shadyside) is a 1,312-bed acute care facility comprised of two campuses located in Pittsburgh, Pennsylvania. Presbyterian Shadyside is part of the University of Pittsburgh Medical Center health system. During calendar years 2008 and 2009, Presbyterian Shadyside received \$913,555 for 47 readmissions for which an inpatient was discharged and readmitted on the same day.

OBJECTIVE

Our objective was to determine whether Presbyterian Shadyside billed same-day readmissions in accordance with Federal requirements.

SUMMARY OF FINDINGS

Presbyterian Shadyside did not always bill same-day readmissions in accordance with Federal requirements. For 7 of the 27 same-day readmissions in our review, Presbyterian Shadyside incorrectly billed the second admission as a separate inpatient stay instead of a continuous stay based on the first admission, resulting in \$26,547 in overpayments. These overpayments occurred because Presbyterian Shadyside did not have adequate training to review same-day readmissions and prevent incorrect billings.

RECOMMENDATIONS

We recommend that Presbyterian Shadyside:

- refund to the Federal Government \$26,547 for seven incorrectly billed same-day readmissions and
- strengthen training to ensure that same-day readmissions are reviewed and billed correctly.

PRESBYTERIAN SHADYSIDE COMMENTS

In written comments on our draft report, Presbyterian Shadyside concurred with our findings and outlined actions it has taken to address our recommendations. Presbyterian Shadyside's comments are included as an Appendix to this report. The attachments to Presbyterian Shadyside's comments were not included because they contained personally identifiable information.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
BACKGROUND	1
Hospital Inpatient Prospective Payment System	1
Inpatient Same-Day Readmissions	1
University of Pittsburgh Medical Center Presbyterian Shadyside Hospital	1
Prior Review of Same-Day Readmissions	1
OBJECTIVE, SCOPE, AND METHODOLOGY	2
Objective	2
Scope.....	2
Methodology	2
FINDINGS AND RECOMMENDATIONS	3
FEDERAL GUIDANCE FOR SAME-DAY READMISSIONS	3
INPATIENT SAME-DAY READMISSIONS	3
ACTION TAKEN	4
RECOMMENDATIONS	4
PRESBYTERIAN SHADYSIDE COMMENTS	4
 APPENDIX	
PRESBYTERIAN SHADYSIDE COMMENTS	

INTRODUCTION

BACKGROUND

Title XVIII of the Social Security Act (the Act) established the Medicare program, which provides health insurance coverage to people aged 65 and over, people with disabilities, and people with end-stage renal disease. Medicare Part A provides inpatient hospital insurance benefits and coverage of extended care services for patients who have been discharged from the hospital. The Centers for Medicare & Medicaid Services (CMS) administers the Medicare program.

Hospital Inpatient Prospective Payment System

Section 1886(d) of the Act established the prospective payment system (PPS) for inpatient hospital services. Under the PPS, CMS pays hospital costs at predetermined rates for patient discharges. The rates vary according to the diagnosis-related group (DRG) to which a beneficiary's stay is assigned. The DRG payment is, with certain exceptions, payment in full to the hospital for all inpatient costs associated with the beneficiary's stay.

Inpatient Same-Day Readmissions

The Medicare Claims Processing Manual, Pub. No. 100-04 (the Manual), chapter 3, section 40.2.5, states that when a patient is discharged/transferred from an acute care PPS hospital, and is readmitted to the same acute care PPS hospital on the same day for symptoms related to, or for evaluation and management of, the prior stay's medical condition, hospitals shall adjust the original claim generated by the original stay by combining the original and subsequent stay onto a single claim.

University of Pittsburgh Medical Center Presbyterian Shadyside Hospital

The University of Pittsburgh Medical Center Presbyterian Shadyside Hospital (Presbyterian Shadyside) is a 1,312-bed acute care facility comprised of two campuses located in Pittsburgh, Pennsylvania. Presbyterian Shadyside is part of the University of Pittsburgh Medical Center health system. During calendar years 2008 and 2009, Presbyterian Shadyside received \$913,555 for 47 readmissions for which an inpatient was discharged and readmitted on the same day.

Prior Review of Same-Day Readmissions

A prior Office of Inspector General (OIG) report¹ found that same-day, same-provider readmissions for which a beneficiary was discharged to another provider after the initial admission and prior to being readmitted were vulnerable to billing errors. That review found that 41 of 73 readmissions were billed incorrectly. The review did not include readmissions for which the beneficiary was discharged home or left against medical advice before being readmitted.

¹ *Review of Medicare Same-Day, Same-Provider Acute Care Readmissions in Pennsylvania During Calendar Year 1998* (A-03-01-00011).

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether Presbyterian Shadyside billed same-day readmissions in accordance with Federal requirements.

Scope

Our audit covered \$615,893 in Medicare payments that Presbyterian Shadyside received during calendar years 2008 and 2009 for both the initial and subsequent stays for 27 readmissions. For these readmissions, the inpatient was discharged to another provider after the initial admission and prior to being readmitted on the same day.

Our review was based on selected billing requirements and did not include a medical review to determine whether the services were medically necessary.

We limited our review of Presbyterian Shadyside's internal controls to those applicable to the inpatient area of review because our objective did not require an understanding of all internal controls over the submission and processing of claims. Our review allowed us to establish reasonable assurance of the authenticity and accuracy of the data obtained from the National Claims History file.

This report focuses on a selected risk area and does not represent an overall assessment of all claims submitted by Presbyterian Shadyside for Medicare reimbursement.

We conducted our fieldwork at Shadyside in Pittsburgh, Pennsylvania, during September 2010.

Methodology

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and guidance;
- extracted Presbyterian Shadyside's inpatient paid claims data from CMS's National Claims History file for calendar years 2008 and 2009;
- identified 47 inpatient same-day readmissions at Presbyterian Shadyside for calendar years 2008 and 2009;
- selected 27 readmissions for which the patient was discharged to another provider and subsequently readmitted;
- reviewed the admission and readmission records, itemized bills and remittance advices provided by Presbyterian Shadyside to support the readmissions;

- discussed the incorrectly billed readmissions with Presbyterian Shadyside personnel to determine the underlying causes of non-compliance with Medicare requirements; and
- calculated the correct payments for those readmissions requiring adjustments.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

FINDINGS AND RECOMMENDATIONS

Presbyterian Shadyside did not always bill same-day readmissions in accordance with Federal requirements. For 7 of the 27 same-day readmissions in our review, Presbyterian Shadyside incorrectly billed the second admission as a separate inpatient stay instead of a continuous stay based on the initial admission. For these seven readmissions, Presbyterian Shadyside received \$112,977 in Medicare payments for the initial inpatient admissions and the subsequent readmissions. Presbyterian Shadyside should have received \$86,430 in Medicare payments for continuous stays. Because Presbyterian Shadyside incorrectly billed the seven readmissions, it received \$26,547 in overpayments. These overpayments occurred because Presbyterian Shadyside did not have adequate training to review same-day readmissions and prevent incorrect billings.

FEDERAL GUIDANCE FOR SAME-DAY READMISSIONS

The Manual, chapter 3, section 40.2.5, states that,

When a patient is discharged from an acute care Prospective Payment System (PPS) hospital, and is readmitted to the same acute care PPS hospital on the same day for symptoms related to, or for evaluation and management of, the prior stay's medical condition, hospitals shall adjust the original claim generated by the original stay by combining the original and subsequent stay onto a single claim.

INPATIENT SAME-DAY READMISSIONS

For 7 of the 27 same-day readmissions in our review, Presbyterian Shadyside incorrectly billed Medicare same-day readmissions that should have been combined with the initial hospital stays in single claims for continuous stays rather than as separate claims for separate stays. For these seven instances, the readmission was related to the prior stay's medical condition and should have been billed as a continuous stay.

Presbyterian Shadyside electronically identifies all same-day readmissions prior to billing for clinical case review to determine whether the two admissions are related. For these seven readmissions, Presbyterian Shadyside said that it had determined, prior to billing, that the readmission was not related to the initial admission and billed them as two separate inpatient

stays. These overpayments occurred because the Case Management Team reviewing these cases misinterpreted the reason for readmission. As a result of these incorrectly billed readmissions, Presbyterian Shadyside was overpaid \$26,547.

ACTION TAKEN

After reviewing the records, Presbyterian Shadyside agreed that the readmission and initial admission were related and should be billed as one continuous stay.

RECOMMENDATIONS

We recommend that Presbyterian Shadyside:

- refund to the Federal Government \$26,547 for seven incorrectly billed same-day readmissions and
- strengthen training to ensure that same-day readmissions are reviewed and billed correctly.

PRESBYTERIAN SHADYSIDE COMMENTS

In written comments on our draft report, Presbyterian Shadyside concurred with our findings and outlined actions it has taken to address our recommendations. Presbyterian Shadyside's comments are included as an Appendix to this report. The attachments to Presbyterian Shadyside's comments were not included because they contained personally identifiable information.

APPENDIX

APPENDIX: PRESBYTERIAN SHADYSIDE COMMENTS



November 16, 2011

Mr. Steven Virbitsky
U.S. Department of Health and Human Service
Office of the Inspector General
Office of Audit Services, Region III
Public Ledger Building, Suite 316
150 S Independence Mall West
Philadelphia, PA 19106-3499

Dear Mr. Virbitsky,

We received your letter regarding your *Review of Acute Inpatient Same Day Readmissions at UPMC Presbyterian Shadyside* (Report Number A-03-10-00013) on October 25, 2011. You recommended that (1) we refund to the Federal Government \$26, 547 for the seven incorrectly billed same day readmissions and (2) strengthen training to assure that same day readmissions are reviewed and billed correctly.

1. We concur with the recommendation to refund the government and did repay the claims in the amount of \$26, 547. See the attached evidence of this repayment.
2. We concur with the recommendation to strengthen our training. The Care Managers were retrained on how to review these claims, after the initial review by the Care Management Staff, the cases are sent to the Physician Advisor for final recommendation on the readmission decision. The process enhancement to include the physician advisor review was implemented in May of 2011 for the Presbyterian campus and September 2011 for the Shadyside Campus. Additionally, we have added periodic monitoring of same day readmissions to our compliance plan to support ongoing compliance.

UPMC is committed to having a strong compliance program with ongoing training and monitoring to support accurate billing.

Sincerely,

/Eileen Simmons/
Chief Financial Officer
UPMC Presbyterian Shadyside

/Linn Swanson/
Chief Audit and Compliance Officer
UPMC