



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

February 14, 2012

Report Number: A-03-11-00008

Mr. Thomas J. Lewis
President and Chief Executive Officer
Thomas Jefferson University Hospitals, Inc.
925 Chestnut Street, 3rd Floor
Philadelphia, PA 19107

Dear Mr. Lewis:

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 Thomas Jefferson University Hospitals, Inc.* 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-03-11-00008 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, MO 64106

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF MEDICARE ACUTE CARE
INPATIENT SAME-DAY READMISSIONS AT
THOMAS JEFFERSON UNIVERSITY
HOSPITALS, INC.**



**Daniel R. Levinson
Inspector General**

**February 2012
A-03-11-00008**

Office of Inspector General

<http://oig.hhs.gov>

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

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THIS REPORT IS AVAILABLE TO THE PUBLIC

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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.

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.

Thomas Jefferson University Hospitals, Inc. (Jefferson) is a 957-bed, licensed acute-care facility providing inpatient services at three locations in Philadelphia, Pennsylvania: Thomas Jefferson University Hospital, Jefferson Hospital for Neuroscience, and Methodist Hospital. Jefferson is part of the Jefferson Health System. During calendar years 2008 and 2009, Jefferson received \$1,461,135 in total Medicare payments for 155 readmissions where an inpatient was discharged and readmitted on the same day.

OBJECTIVE

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

SUMMARY OF FINDINGS

Jefferson did not always bill same-day readmissions in accordance with Federal requirements. For 4 of the 133 same-day readmissions selected for our review, Jefferson incorrectly billed the second admission as a separate inpatient stay instead of a continuous stay based on the initial admission, resulting in \$43,438 in overpayments. These overpayments occurred because Jefferson did not have adequate training to review same-day readmissions and prevent incorrect billings.

RECOMMENDATIONS

We recommend that Jefferson:

- refund to the Federal Government \$43,438 for four incorrectly billed same-day readmissions and
- strengthen training to ensure that same-day readmissions are reviewed and billed correctly.

JEFFERSON COMMENTS

In written comments on our draft report, Jefferson advised us of actions it was taking to implement our recommendations. Jefferson's comments are included as an Appendix to this report.

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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 Guidance

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.

Thomas Jefferson University Hospitals, Inc.

Thomas Jefferson University Hospitals, Inc. (Jefferson) is a 957-bed, licensed acute-care facility providing inpatient services at three locations in Philadelphia, Pennsylvania: Thomas Jefferson University Hospital, Jefferson Hospital for Neuroscience, and Methodist Hospital. Jefferson is part of the Jefferson Health System. During calendar years 2008 and 2009, Jefferson received \$1,461,135 in total Medicare payments for 155 readmissions where an inpatient was discharged and readmitted on the same day.

Prior Review of Same-Day Readmissions

We are performing a series of audits of hospitals' Medicare same-day readmissions. An Office of Inspector General (OIG) report issued in August, 2002¹ 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

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

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.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

Our audit covered \$1,209,760 in payments received by Jefferson during calendar years 2008 and 2009 for both the initial and subsequent stays for 133 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 Jefferson'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 Jefferson for Medicare reimbursement.

We conducted our fieldwork at Methodist Hospital in Philadelphia, Pennsylvania, during July 2010.

Methodology

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and guidance;
- extracted Jefferson's inpatient paid claims data from CMS's National Claims History file for calendar years 2008 and 2009;
- identified 155 inpatient same-day readmissions at Jefferson for calendar years 2008 and 2009;
- selected 133 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 Jefferson to support the readmissions;
- discussed the incorrectly billed readmissions with Jefferson personnel to determine the underlying causes of non-compliance with Federal 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 finding and conclusions based on our audit objective.

FINDING AND RECOMMENDATIONS

Jefferson did not always bill same-day readmissions in accordance with Federal requirements. For 4 of the 133 same-day readmissions selected for our review, Jefferson incorrectly billed the second admission as a separate inpatient stay instead of a continuous stay based on the initial admission. For these four readmissions Jefferson received \$120,195 in Medicare payments for the initial inpatient admissions and the subsequent readmissions. Jefferson should have received \$76,757 in Medicare payments for continuous stays. Because Jefferson incorrectly billed the four readmissions, it received \$43,438 in overpayments. These overpayments occurred because Jefferson 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 4 out of the 133 readmissions selected for our review, Jefferson 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 four instances, the readmission was related to the prior stay's medical condition and should have been billed as one continuous stay.

Jefferson electronically identifies all same-day readmissions for clinical case review prior to billing to determine whether the two admissions are related. For these four readmissions,

Jefferson's Case Management personnel 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 personnel reviewing these cases misinterpreted the reason for readmission. As a result of these incorrectly billed readmissions, Jefferson was overpaid \$43,438.

ACTION TAKEN

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

RECOMMENDATIONS

We recommend that Jefferson:

- refund to the Federal Government \$43,438 for four incorrectly billed same-day readmissions and
- strengthen training to ensure that same-day readmissions are reviewed and billed correctly.

JEFFERSON COMMENTS

In written comments on our draft report, Jefferson advised us of actions it was taking to implement our recommendations. Jefferson's comments are included as an Appendix to this report.

APPENDIX

APPENDIX: JEFFERSON COMMENTS



Executive Suite

January 12, 2012

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

Attn: **Stephen Virbitsky**
Regional Inspector General for Audit Services

Re: Report Number: A-03-11-00008

Dear Mr. Virbitsky,

This letter is in response to your letter dated December 13, 2011 regarding the Department of Health and Human Services Office of Inspector General (OIG) report entitled *Review of Medicare Acute Care Inpatient Same-Day Readmissions at Thomas Jefferson University Hospitals, Inc.* (Attachment A), in which the OIG documented its findings from an audit performed during July 2010 to determine whether Jefferson billed same-day readmissions in accordance with Federal requirements.

Specifically, the OIG identified in its report that *"Jefferson did not always bill same-day readmission in accordance with Federal requirements. For 4 of the 133 same-day readmission selected for our review, Jefferson incorrectly billed the second admission as a separate inpatient stay instead of a continuous stay based on the initial admission, resulting in \$43,438 in overpayments."*

Upon initial notification of readmission overpayments, staff involved in the billing process were re-educated on existing policies in place and monitoring of such billing activity has occurred.

Additionally, Thomas Jefferson University Hospitals, Inc. respectfully submits its supplementary plan of action to prevent recurrence of said same-day readmission billing deficiencies:

- 1) Internal *"Same Day Admission and Repeat Admission"* policy has been implemented to assist in the identification and notification regarding patients with same day admissions to ensure provider compliance with applicable federal regulations. Additionally, internal existing policy entitled *"Medicare Continuous Stay"* has been expanded to further Jefferson's compliance with federal regulations;
- 2) Policy education, and documentation of said training will be conducted with all personnel identified in departments acknowledged in the policies; and
- 3) Within three (3) months from the date of which all personnel have been re-trained, the policies will be validated to ensure procedural compliance.

If you have any questions or require additional information, please feel free to contact Ann Powers, Chief Compliance and Privacy Officer at (215) 955-4177.

Regards,

A handwritten signature in blue ink, appearing to read "Thomas J. Lewis".

Thomas J. Lewis, President and Chief Executive Officer
Thomas Jefferson University Hospitals, Inc.

cc: Ann deC. B. Powers, Chief Compliance and Privacy Officer
Nancy Rhodes, Vice President Revenue Cycle
Stacey Meadows, Senior Vice President and General Counsel