

Report in Brief

Date: December 2017

Report No. A-03-14-00010

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



Why OIG Did This Review

Kwashiorkor is a form of severe protein malnutrition. It generally affects children living in tropical and subtropical parts of the world during periods of famine or insufficient food supply. Cases in the United States are rare. For calendar years (CYs) 2006 through 2014, Medicare paid hospitals \$2.5 billion for claims that included a diagnosis code for Kwashiorkor. We issued a series of individual reports to 25 providers nationwide. This report summarizes the key findings and trends identified in those reports.

Our objectives were to determine whether providers were correctly billing for Kwashiorkor and whether the Centers for Medicare & Medicaid Services (CMS) had adequate policies and procedures in place to address discrepancies in the International Classification of Diseases, Clinical Modification (ICD-CM) classification for Kwashiorkor.

How OIG Did This Review

In a series of reviews, we reviewed 4,393 claims totaling \$108.1 million in Medicare payments for inpatient claims that contained diagnosis code 260. We evaluated compliance with selected Medicare billing requirements and calculated a nonstatistical estimate of the potential nationwide impact of Kwashiorkor overpayments.

CMS Did Not Adequately Address Discrepancies in the Coding Classification for Kwashiorkor

What OIG Found

Providers incorrectly billed diagnosis code 260 for Kwashiorkor for inpatients who did not have the disease. We reviewed the medical records for 2,145 inpatient claims at 25 providers and found that all but 1 claim incorrectly included the diagnosis code for Kwashiorkor, resulting in overpayments in excess of \$6 million.

The ICD-CM coding classification contained a discrepancy between the tabular list and the alpha index on the use of diagnosis code 260. In the alpha index, four other malnutrition diagnoses corresponded to diagnosis code 260, but in the tabular list, diagnosis code 260 was only for Kwashiorkor.

CMS did not have adequate policies and procedures in place to address this discrepancy, resulting in a total potential loss of approximately \$102 million during CYs 2006 through 2014. Even though CMS was aware of the discrepancy, it did not take any separate action to address it.

While our reviews have successfully returned \$5.7 million to the Medicare Trust Funds, we estimate that Medicare could have saved approximately \$102 million from CYs 2006 through 2014 if the coding discrepancy had been immediately corrected.

What OIG Recommends and CMS Comments

We recommend that CMS: (1) review provider Medicare claims to ensure that the diagnosis code for Kwashiorkor is being used correctly by providers and (2) formalize procedures for notifying providers of the correct way to bill diagnosis codes when there is a discrepancy in the coding classification between the alpha index and the tabular list.

In the individual reports, we recommended that each of the 25 hospitals refund the overpayments and strengthen controls to ensure full compliance with Medicare billing requirements. The 25 hospitals that we reviewed concurred with 42 of the 50 recommendations and repaid \$5.7 million in overpayments. All of the providers stopped incorrectly using diagnosis code 260.

In written comments, CMS concurred with our recommendations. In 2017, CMS requested that the American Hospital Association publish additional coding guidance on the use of the Kwashiorkor diagnosis code to address concerns that it was still being used incorrectly by some providers.