

## Report in Brief

Date: April 2020

Report No. A-03-16-03002

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



### Why OIG Did This Audit

OIG has identified longstanding challenges, including insufficient oversight and limited access to specialists, that likely impact the quality of healthcare services provided to the American Indian and Alaskan Native community by the Indian Health Service (IHS). IHS provides eligible American Indians and Alaskan Natives with healthcare services through a network of federally or tribally operated healthcare providers. Through the Purchased/Referred Care (PRC) Program, IHS pays for private providers to deliver healthcare services unavailable through the IHS network.

We conducted this audit because of the significant magnitude and growth of IHS PRC Program funds and because previous OIG and Government Accountability Office reports highlighted concerns with the program.

Our objective was to determine whether IHS PRC Program claims were paid in accordance with Federal requirements.

### How OIG Did This Audit

We reviewed 802,470 claims paid between October 2013 and June 2016 for 120,818 beneficiaries. These claims totaled \$672.4 million. We selected a random sample of 100 claims to measure PRC Program compliance with 9 Federal requirements. We reviewed only IHS-administered PRC program services.

## Most Indian Health Service Purchased/Referred Care Program Claims Were Not Reviewed, Approved, and Paid In Accordance With Federal Requirements

### What OIG Found

Of the 100 claims in our sample, 18 were paid in accordance with Federal requirements; however, the other 82 were not. These 82 claims did not meet 1 or more of the 9 requirements that we evaluated. The claims did not meet requirements for (1) beneficiary eligibility, (2) medical necessity and priority, (3) timeliness of notification of healthcare services, (4) IHS status as payor of last resort, (5) timeliness of claim approval, and (6) timeliness of claim payments. These errors occurred because IHS did not have controls in place to prevent its Referred Care Information System (RCIS) from accepting claims missing information. In addition, IHS and providers did not conduct timely tracking of certain processes, and providers did not always submit completed claims.

Based on our sample results, we estimated that 658,025 of the 802,470 total claims were not paid in accordance with Federal requirements.

### What OIG Recommends and IHS Comments

We recommend that IHS (1) establish an edit in the RCIS to enforce the requirement that each beneficiary submits documentation showing that he or she meets the geographic component of IHS's eligibility requirements, (2) educate PRC Program staff about the importance of documenting their review of medical necessity and priority-level requirements, (3) conduct outreach to beneficiaries and providers to ensure they submit notifications of healthcare services within 72 hours (or 30 days for elderly and disabled beneficiaries), and (4) pay for healthcare services only after receiving all required alternate resource documentation and resolving all information gaps. We also made additional procedural recommendations.

IHS concurred with the intent of our first recommendation, concurred with the remaining recommendations, and described corrective actions that it plans to take or has already taken. IHS also provided additional support and suggested adjustments to certain numbers. We incorporated IHS's suggested adjustments as appropriate. We maintain that the facts of our report are valid and agree with the corrective actions that IHS has taken and plans to take to address our recommendations.