

Report in Brief

Date: July 2022

Report No. A-04-18-03085

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL



Why OIG Did This Audit

The Centers for Medicare & Medicaid Services (CMS) must protect the fiscal integrity of Medicare Trust funds. A previous Office of Inspector General (OIG) audit determined that CMS had not recovered \$332 million of the \$416 million of Medicare overpayments that we had identified in audit reports issued during the 30-month period ended March 31, 2009. Also, we could not verify that CMS collected \$84 million that it reported collecting, and we identified inaccuracies in the reported amounts.

Our current audit was a followup to our previous audit so that we could determine the extent to which CMS recovered Medicare overpayments for a more recent period.

Our objectives were to determine: (1) the extent to which CMS collected sustained Medicare overpayments identified in Department of Health and Human Services (HHS)-OIG audit reports and (2) actions that CMS took in response to the recommendations made in our prior audit report, *Obstacles to Collection of Millions in Medicare Overpayments* (A-04-10-03059).

How OIG Did This Audit

We reviewed 148 Medicare audit reports issued during the 27-month period from October 1, 2014, through December 31, 2016 (audit period). CMS agreed to collect recommended overpayments totaling \$498 million related to those 148 audit reports. We reviewed the relevant OIG clearance documents and CMS's supporting documentation for the 148 audit reports, and we discussed with CMS staff the status of our prior audit recommendations.

CMS Reported Collecting Just Over Half of the \$498 Million in Medicare Overpayments Identified by OIG Audits

What OIG Found

Of the \$498 million in Medicare overpayments identified in HHS-OIG audit reports issued during our audit period that CMS sustained, CMS reported that it had collected only \$272 million (55 percent) and that it had not collected \$226 million (45 percent). Further, CMS provided documentation sufficient to support that it had collected only \$120 million of the \$272 million. CMS did not provide adequate documentation to support that it had collected the remaining \$152 million.

In addition, CMS did not take corrective action in response to all of the recommendations made in our prior audit report, *Obstacles to Collection of Millions in Medicare Overpayments*. In that audit report, issued on May 18, 2012, we made six recommendations (listed in Appendix D) and CMS agreed to implement four of them. Of those four recommendations, CMS implemented two, partially implemented one, and did not implement one.

What OIG Recommends and CMS Comments

We recommend that CMS: (1) continue its efforts to recover any collectible portion of the \$226 million in uncollected overpayments, (2) determine what portion of the \$152 million was collected and recorded in its accounting system, (3) revise 42 CFR section 405.980 and corresponding manual instructions related to the reopening period for claims to be consistent with statutory provisions contained in section 1870 of the Social Security Act, and (4) develop a plan for resolving cost reports applicable to the nine audit reports discussed in this report. We also made other procedural recommendations.

CMS generally did not concur with our findings or recommendations. Of our nine recommendations, CMS concurred with one recommendation, did not concur with seven recommendations, and did not explicitly state that it concurred or did not concur with one recommendation. CMS concurred with our recommendation to continue its efforts to recover any collectible portion of the \$226 million in uncollected overpayments and inform us of any additional collections related to this amount.

On the basis of additional documentation CMS provided us after we had issued our draft report, we revised the total undocumented overpayment collections amount for our recommendation that CMS determine what portion was collected and recorded in its accounting system. We also revised one of our recommendations.