

Report in Brief

Date: October 2022

Report No. A-04-21-08084

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



Why OIG Did This Audit

During calendar years (CYs) 2016 through 2018, Medicare paid hospitals approximately \$555.2 billion: we performed a series of hospital compliance audits to determine whether hospitals are billing appropriately for certain claims. We did this audit to determine the Centers for Medicare & Medicaid Services' (CMS's) actions taken regarding recommendations in these 12 audits. We also considered the results from the first and second level of appeals to determine whether identified claims errors were sustained. Finally, we wanted to confirm that CMS is making the best use of our reports to enhance its oversight of the Medicare program.

Our objectives were to: (1) summarize the results, after considering the status of appeals, of our hospital compliance audits covering Medicare claims paid from 2016 through 2018; (2) identify CMS's actions taken to ensure that our recommendations were implemented; and (3) determine how CMS could improve program oversight using our hospital compliance audits.

How OIG Did This Audit

We summarized the results of the previous 12 audits, determined the appeals status of any improperly paid claims, determined what actions CMS has taken with respect to the recommendations made in these 12 audits, and identified internal controls that CMS has in place to prevent payment of high-risk Medicare claims determined to be in error in these 12 reports.

CMS Can Use OIG Audit Reports To Improve Its Oversight of Hospital Compliance

What OIG Found

Of the 387 improperly paid claims identified in our previous 12 hospital compliance audits, 333 were inpatient claims that resulted in \$5,260,147 in net overpayments, and 54 were outpatient claims that resulted in \$53,729 in net overpayments. Of these 387 improperly paid claims, 229 claims were appealed at the first level, of which 22 overpayment determinations were overturned. In addition, 126 claims were appealed at the second level, of which 6 overpayment determinations were overturned. As a result, 359 overpayment determinations remained, resulting in sustained overpayments totaling \$5,041,721. After considering the results of the first and second levels of appeal, we determined that the total overpayments received by the 12 hospitals was \$82 million. CMS has taken some actions to ensure that the recommendations in our previous 12 hospital compliance audits were implemented. With respect to our recommendations to repay funds, CMS provided us with insufficient information; therefore, we could not identify the actions CMS had taken to ensure that our recommendations were implemented. With respect to our recommendations to follow the 60-day rule, CMS provided us with insufficient information; therefore, we could not ensure that our recommendations were implemented. With respect to our recommendations to strengthen internal controls, CMS acted on most of these recommendations. As a result of CMS's incomplete responses, we are not able to verify that some hospitals have repaid funds or implemented our recommendations to follow the 60-day rule and strengthen internal controls. CMS has not used the results from our 12 issued audit reports in its internal control activities. CMS could use our hospital compliance audit reports to enhance its oversight of the Medicare program.

What OIG Recommends and CMS Comments

We recommend that CMS: (1) continue to follow up on the overpayment recovery recommendations contained in the 12 audits covered by this report and (2) improve tracking and responding on the status of claims identified in our reports as they proceed through the appeals process. We made additional procedural recommendations that are included in the body of the report.

CMS concurred with three of our recommendations, but did not explicitly state that it concurred or did not concur with two of our recommendations. CMS instead requested that we remove these two recommendations. We maintain that these recommendations are valid. CMS's comments are summarized in the body of our report.