Report in Brief
Date: October 2020
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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

Medicare Home Health Agency Provider Compliance Audit: Gem City Home Care, LLC

Why OIG Did This Audit

Under the Medicare home health prospective payment system (PPS), the Centers for Medicare & Medicaid Services pays home health agencies (HHAs) a standardized payment for each 60-day episode of care that a beneficiary receives. The PPS payment covers part-time or intermittent skilled nursing care and home health aide visits, therapy (physical, occupational, and speech-language pathology), medical social services, and medical supplies.

Our prior audits of home health services identified significant overpayments to HHAs. These overpayments were largely the result of HHAs improperly billing for services to beneficiaries who were not confined to the home (homebound) or were not in need of skilled services.

Our objective was to determine whether Gem City Home Care, LLC, (Gem City) complied with Medicare requirements for billing home health services on selected types of claims.

How OIG Did This Audit

We selected a stratified random sample of 100 home health claims and submitted these claims to medical review.

What OIG Found

Gem City did not comply with Medicare billing requirements for 25 of the 100 home health claims that we reviewed. For these claims, Gem City received overpayments of $40,621 for services provided in fiscal years (FYs) 2016 and 2017. Specifically, Gem City incorrectly billed Medicare for services provided to beneficiaries who: (1) were not homebound or (2) did not require skilled services. On the basis of our sample results, we estimated that Gem City received overpayments of at least $2.67 million during this period.

What OIG Recommends and Gem City Comments

We made several recommendations to Gem City, including that it: (1) refund to the Medicare program the portion of the estimated $2.67 million in overpayments for incorrectly billed claims that are within the 4-year reopening period; (2) for the remaining portion of the estimated $2.67 million overpayment for claims that are outside of the reopening period, exercise reasonable diligence to identify and return overpayments in accordance with the 60-day rule, and identify any returned overpayments as having been made in accordance with this recommendation; (3) exercise reasonable diligence to identify and return any additional similar overpayments outside of our audit period; and (4) strengthen its procedures to ensure that the homebound statuses of Medicare beneficiaries are verified and continually monitored and the specific factors qualifying beneficiaries as homebound are documented, and beneficiaries are receiving only reasonable and necessary skilled services.

In written comments on our draft report, Gem City stated that it takes significant exception with our findings and conclusions and did not concur with our recommendations. Gem City retained a health care consultant to review all of the claims we questioned and challenged our independent medical review contractor's application of Medicare requirements. Gem City stated that nearly all of the sampled claims were in compliance with CMS regulations and billing requirements. To address the concerns, we had our independent medical review contractor review Gem City's comments and reconsider each of the claims that we questioned in our draft report. On the basis of the results of that review, we reduced the sampled claims incorrectly billed from 36 to 25 and revised the related findings and recommendations. We maintain that our remaining findings and recommendations are valid, although we acknowledge Gem City's right to appeal the findings.