

Report in Brief

Date: June 2021

Report No. A-05-19-00024

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



Why OIG Did This Audit

This audit is part of a series of hospital compliance audits. Using computer matching, data mining, and other data analysis techniques, we identified hospital claims that were at risk for noncompliance with Medicare billing requirements. For calendar year 2018, Medicare paid hospitals \$179 billion, which represents 47 percent of all fee-for-service payments for the year.

Our objective was to determine whether Lake Hospital System (the Hospital) complied with Medicare requirements for billing inpatient and outpatient services on selected types of claims.

How OIG Did This Audit

Our audit covered \$11.7 million in Medicare payments to the Hospital for 2,293 claims that were potentially at risk for billing errors. We selected for review a stratified sample of 90 inpatient and 10 outpatient claims with payments totaling \$1.4 million for our 2-year audit period (January 1, 2017, through December 31, 2018).

We focused our audit on the risk areas that we identified as a result of prior OIG audits at other hospitals. We evaluated compliance with selected billing requirements.

Medicare Hospital Provider Compliance Audit: Lake Hospital System

What OIG Found

The Hospital complied with Medicare billing requirements for 49 of the 100 inpatient and outpatient claims we reviewed. However, the Hospital did not fully comply with Medicare billing requirements for the remaining 51 claims, resulting in overpayments of \$862,429 for calendar years 2017 and 2018.

On the basis of our sample results, we estimated that the Hospital received overpayments of approximately \$4.4 million for the audit period. As of the publication of this report, this amount included claims outside the Medicare 4-year claim reopening period.

What OIG Recommends and Hospital Comments

We recommend that the Hospital refund to the Medicare contractor the portion of the \$4.4 million in estimated overpayments for the audit period for claims that it incorrectly billed that are within the reopening period; exercise reasonable diligence to identify, report, and return any additional similar overpayments received outside of our audit period, in accordance with the 60-day rule; and strengthen controls to ensure full compliance with Medicare requirements. The detailed recommendations are listed in the body of the report.

In written comments on our draft report, the Hospital disagreed with the “vast majority” of our findings and did not concur with our first recommendation to refund our estimated overpayments or our use of extrapolation; however, the Hospital agreed to voluntarily refund the overpayments of 14 claims with which it did agree. The Hospital concurred with the second recommendation to identify, report, and return and identify any returned overpayments and the third recommendation to strengthen internal controls. While the Hospital concurred with these recommendations, it contended that these recommendations are already integrated in its present Corporate Compliance Program.

After reviewing the Hospital’s comments, we maintain that our findings and recommendations are valid.