

Report in Brief

Date: August 2019

Report No. A-06-17-08004

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



Why OIG Did This Review

In 2012, we issued a report to the Centers for Medicare & Medicaid Services (CMS) indicating that during 2009, Medicare Part D paid for prescription drugs that likely should have been paid for by hospice organizations under the Medicare Part A hospice benefit. We matched Part A and Part D data to identify occurrences when Part D paid for drugs for beneficiaries who were receiving hospice care at the same time. We conducted this audit to follow up and expand on the previous audit.

Our objective was to determine whether the Medicare Part D program paid for drugs during 2016 that should have been paid for by hospice organizations under the Medicare Part A hospice benefit.

How OIG Did This Review

Our audit covered \$422.7 million in Part D total costs for prescriptions filled while beneficiaries were receiving hospice care.

We selected a stratified random sample of 200 Part D records and contacted hospice organizations to find out if they should have paid for the drugs.

Medicare Part D Is Still Paying Millions for Drugs Already Paid for Under the Part A Hospice Benefit

What OIG Found

Medicare Part D paid for drugs during 2016 that hospices should have paid for under the Medicare Part A hospice benefit. On the basis of our sample results, we estimated that the Part D total cost was \$160.8 million for drugs that hospice organizations should have paid for. Additionally, although hospices told us they should not have paid for the drugs associated with the remaining \$261.9 million of the \$422.7 million total cost, a review of CMS communications with hospices and sponsors between 2012 and 2016 indicates otherwise—hospice organizations or hospice beneficiaries likely should have paid for many of these drugs, not Part D.

What OIG Recommends and CMS Comments

CMS must do more to avoid paying twice for the same drugs. As we have previously recommended, CMS should work directly with hospices to ensure that they are providing drugs covered under the hospice benefit. In addition, we recommend that CMS should develop and execute a strategy to ensure that Part D does not pay for drugs that should be covered by the Part A hospice benefit, which would save at least an estimated \$160.8 million a year in Part D total cost, with potentially much higher annual savings associated with the drugs that hospices said they were not responsible for providing. This should include working with Part D sponsors and seeking whatever authorities are necessary to develop proper controls.

In written comments on our draft report, CMS stated that its current efforts will address the issue and help ensure there is no disruption in beneficiary access, indicating that it will continue to engage in meaningful activities to reduce duplicate payment in this area, such as ensuring hospice providers are proactively educating beneficiaries on covered services and items (including drugs) and Part D drug plan sponsors are appropriately applying prior authorization criteria and coordinating with hospice providers on drug coverage issues.

Although we acknowledge CMS's efforts after our 2012 report, we disagree that they will adequately address the issue because the duplicate payments persist. We continue to recommend that CMS develop controls to stop the duplicate hospice drug payments.