Medicare Advantage Compliance Audit of Specific Diagnosis Codes That SelectCare of Texas, Inc. (Contract H4506) Submitted to CMS

What OIG Found
With respect to the 10 high-risk groups covered by our audit, most of the selected diagnosis codes that SelectCare submitted to CMS for use in CMS’s risk adjustment program did not comply with Federal requirements. Specifically, for 220 of the 285 enrollee-years, the diagnosis codes that SelectCare submitted to CMS were not supported in the medical records and resulted in net overpayments of $482,601. As demonstrated by the errors in our sample, the policies and procedures that SelectCare used to prevent, detect, and correct noncompliance with CMS’s program requirements could be improved. On the basis of our sample results, we estimated that SelectCare received at least $5.1 million in net overpayments for 2015 and 2016.

What OIG Recommends and SelectCare Comments
We recommend that SelectCare (1) refund to the Federal Government the $482,601 in net overpayments; (2) identify, for the high-risk diagnoses included in this report, similar instances of noncompliance that occurred before and after our audit period and refund any resulting overpayments to the Federal Government; and (3) review its existing compliance procedures to identify potential areas where improvements can be made to ensure that diagnosis codes that are at high risk for being miscoded comply with Federal requirements (when submitted to CMS for use in CMS’s risk adjustment program) and take any necessary steps to enhance those current procedures.

SelectCare disagreed with some of our findings and recommendations and provided additional information for certain sampled enrollee-years. SelectCare also disagreed with our audit methodology and stated that we improperly implied that MA organizations are expected to assure that 100 percent of the diagnosis codes received from providers and submitted to CMS are accurate. SelectCare added that it would consider our third recommendation to evaluate and enhance its compliance procedures.

After reviewing SelectCare’s comments and the additional information that it provided, we revised the number of enrollee-years in error and reduced the amount in our first recommendation. We made no changes to our second and third recommendations.

The full report can be found at https://oig.hhs.gov/oas/reports/region6/61905002.asp.