Vanderbilt University Medical Center: Audit of Outpatient Outlier Payments

What OIG Found
VUMC properly billed the claims for 34 of the 117 sampled outlier payments totaling $102,551. However, VUMC did not properly bill the claims related to 81 outlier payments, resulting in improper outlier payments during our audit period. These 81 claims, which had outlier payments totaling $427,644, contained 110 billing errors. The billing errors primarily occurred because VUMC did not have adequately designed controls or billing system capabilities to prevent coding errors, charge errors, and billing for services not covered by Medicare Part B. VUMC billed another two claims with incorrect dates of service that caused the claims to fall outside the scope of this audit (outpatient services longer than 1 day) and so were classified as non-errors.

What OIG Recommends and VUMC Comments
We recommend that the Vanderbilt University Medical Center refund to the Medicare contractor the portion of the $686,500 in estimated outpatient outlier net overpayments for incorrectly billed claims that are within the 4-year reopening period. We also recommend that VUMC improve procedures, provide education, and implement changes to its billing system to ensure that claims billed to Medicare are accurate.

In written comments on our draft report, VUMC concurred with our recommendations and described the corrective actions that it has taken to address them. These actions include, but are not limited to, additional verification processes for pricing of pharmacy items, re-training of outsourced coders, and implementing specific reviews of unlisted procedure coding.

The full report can be found at https://oig.hhs.gov/oas/reports/region6/62004003.asp.