

## Report in Brief

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Report No. A-06-21-08004

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



### Why OIG Did This Audit

To ensure that hospice care does not exceed the cost of conventional care at the end of life, there are two annual limits (called caps) to payments made to hospices, the inpatient cap and the aggregate cap. The cap amounts are calculated annually, and any amount paid to a hospice above either cap amount is an overpayment and must be repaid to Medicare. The Centers for Medicare & Medicaid Services (CMS) contracts with three Medicare administrative contractors (MACs) to calculate cap amounts and recover overpayments. This audit is part of a series of audits regarding MACs' oversight of hospice cap calculations.

Our objective was to determine whether NGS accurately calculated cap amounts and collected cap overpayments in accordance with CMS requirements.

### How OIG Did This Audit

Our audit covered the cap calculation process for all 1,966 hospices in NGS's Jurisdictions 6 and K that participated in the Medicare hospice program in cap year 2019 and 3 prior cap years. For the 2019 cap calculations, NGS calculated aggregate cap overpayments totaling \$186.1 million for 515 hospice providers. For the lookback calculations of 3 prior cap years, NGS calculated additional net lookback aggregate overpayments totaling \$27.3 million for 673 hospice providers. For cap year 2019, NGS calculated overpayments totaling \$213.4 million.

## National Government Services, Inc., Accurately Calculated Hospice Cap Amounts but Did Not Collect All Cap Overpayments

### What OIG Found

NGS accurately calculated all cap amounts and collected or attempted to collect \$211.3 million of the \$213.4 million in total cap overpayments in accordance with CMS requirements. However, NGS did not attempt to collect the remaining \$2.1 million in net lookback overpayments because of its internal policy of not pursuing lookback cap calculation amounts that were less than a set threshold.

Additionally, against CMS requirements, NGS instructed hospices to wait to submit the overpayments calculated on their cap determination notices until the hospice received a demand letter from NGS, which took an average of more than 2 months after the due date for hospices to file the cap determination notices. Of 30 judgmentally sampled hospices, 13 reported cap overpayments, totaling \$8.1 million, on their cap determination notices. Nine of those 13 hospices did not remit their overpayments, totaling \$6.1 million, when they filed their cap determination notices as required. Because of NGS's instructions, the Federal Government lost the benefit of having the overpayment funds for its use for an additional average of more than 2 months.

### What OIG Recommends and NGS Comments

We recommend that NGS (1) collect \$2.1 million in lookback overpayments and return \$22,576 in lookback refunds resulting from 2019 hospice cap calculations for lookback years, (2) discontinue its internal policy of waiving certain overpayment collections related to lookback years and start collecting all hospice cap overpayments and paying refunds in accordance with CMS requirements, and (3) change its instructions on the cap determination notices to follow the CMS requirement that hospices remit overpayments at the time they submit their cap determination notice.

NGS concurred with our third recommendation and said that it had already changed its instructions. NGS did not concur with our first and second recommendations and stated that its internal policy of not pursuing certain lookback cap calculation amounts conforms to CMS requirements. After reviewing NGS's comments, we maintain that our findings and recommendations are valid.