

Report in Brief

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



Why OIG Did This Review

Provider-preventable conditions (PPCs) are certain reasonably preventable conditions caused by medical accidents or errors in a health care setting. Federal regulations effective July 1, 2011, prohibit Medicaid payments for services related to PPCs. The Centers for Medicare & Medicaid Services (CMS) delayed enforcement of these regulations until July 1, 2012, to allow States time to develop and implement new payment policies. We conducted this review to determine whether Missouri complied with these regulations for inpatient hospital services. This is one in a series of reviews of States' Medicaid payments for inpatient hospital services related to PPCs.

Our objective was to determine whether Missouri complied with Federal and State requirements prohibiting Medicaid payments for inpatient hospital services related to treating certain PPCs.

How OIG Did This Review

We reviewed the Medicaid paid claim data for inpatient hospital services from July 1, 2012 (the effective date of the new payment policy for Missouri, under its State plan), through September 30, 2015, to identify claims that contained at least one secondary diagnosis code for a PPC. We reviewed Missouri's claimed inpatient hospital expenditures to determine whether Missouri adjusted payments to exclude the portions of the claims attributed to the PPCs.

Missouri Did Not Comply With Federal and State Requirements Prohibiting Medicaid Payments for Inpatient Hospital Services Related to Provider-Preventable Conditions

What OIG Found

Missouri did not comply with Federal and State requirements prohibiting Medicaid payments for inpatient hospital services related to treating certain PPCs, because it did not follow its State plan to perform a retrospective review of the claims with diagnoses identified as PPCs ("Pay But Report" status). In addition, Missouri paid inpatient hospital claims in which the present-on-admission (POA) indicator data field had been left blank. We identified inpatient hospital claims totaling \$2.7 million (\$1.7 million Federal share) that contained a diagnosis code identified as a PPC and certain POA codes.

Furthermore, Missouri incorrectly excluded some diagnosis codes that were subject to the payment reduction. In addition, Missouri incorrectly included other diagnosis codes that should not have been subject to the payment reduction.

What OIG Recommends

We recommend that Missouri work with CMS to determine what portion of the \$1.7 million (Federal share) was unallowable for Federal Medicaid reimbursement and refund that portion to the Federal Government. We also made procedural recommendations to Missouri that it develop policies and procedures to ensure that all claims with PPCs that had certain POA codes are identified and adjusted in accordance with Federal and State requirements and to ensure that the correct diagnosis codes are being used to identify PPCs.

Missouri concurred with our findings and described procedures that it had implemented or planned to implement to address our recommendations. Missouri said that it had implemented procedures to review all inpatient hospital claims to determine whether the payments should be adjusted for claims containing PPCs and added that its contractor had retrospectively processed inpatient hospital claims for our audit period and had identified an estimated recoupment (both Federal and State funds) of almost \$220,000 for claims with PPCs.

We commend Missouri for taking prompt corrective actions in response to our recommendations but note that we did not review the implemented procedures that Missouri outlined to determine their effectiveness.