

Report in Brief

Date: June 2017

Report No. A-07-16-04229

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



Why OIG Did This Review

During fiscal years (FYs) 2010 through 2012, Medicare paid \$35.7 billion in disproportionate share hospital (DSH) payments to hospitals that have a large share of low-income patients. These payments are at risk of overpayment.

Providers verify Medicaid eligibility for each patient day with the State. Providers submit Medicaid patient days on the Medicare cost report for Medicare DSH payments. The cost reports for inpatient hospitals in Missouri (Missouri providers) are reviewed by the Medicare contractor, Wisconsin Physicians Service Insurance Corporation (WPS).

Our objective was to determine whether, with respect to Medicaid patient days, WPS properly settled FYs 2010 through 2012 Medicare cost reports submitted by Missouri providers for Medicare DSH payments in accordance with Federal requirements.

How OIG Did This Review

For FYs 2010 through 2012, we obtained Medicaid eligibility data from Missouri for 10 selected Missouri providers (with 20 associated cost reports) and compared the data to the Medicaid eligibility information filed by the providers on the Medicare cost report. Medicare DSH payments to these 10 providers represented 31.3 percent of all DSH payments made to Missouri providers for FYs 2010 through 2012. We reviewed \$204 million in Medicare DSH payments.

Wisconsin Physicians Service Insurance Corporation Did Not Properly Settle Missouri Medicare Disproportionate Share Hospital Payments

What OIG Found

With respect to Medicaid patient days, WPS did not properly settle FYs 2010 through 2012 Medicare cost reports submitted by Missouri providers for Medicare DSH payments in accordance with Federal requirements. The 10 selected providers (with 20 cost reports) improperly claimed 7,132 Medicaid patient days on their Medicare cost reports, resulting in DSH overpayments totaling almost \$3.0 million. These improper claims included both unallowable and unsupported patient days and involved patients in a variety of categories that, under Federal requirements and guidelines, are not considered to be Medicaid programs for purposes of Medicare DSH payments.

These errors occurred because the selected Missouri providers did not properly claim Medicaid patient days in accordance with Federal requirements when they prepared and submitted their cost reports to WPS. WPS did not ensure that the providers' cost reports' claims for Medicare DSH payments were in accordance with Federal requirements before bringing those cost reports to final settlement.

What OIG Recommends and WPS Comments

We recommend that WPS recover the nearly \$3.0 million in Medicare DSH overpayments from the selected Missouri providers, reopen and revise settled cost reports (from Missouri providers) that we did not review, and refund overpayments to the Federal Government. We also recommend that WPS communicate annually with the Missouri State Medicaid agency to obtain updated eligibility information and furnish education to providers regarding the categories that are not considered to be Medicaid programs for purposes of Medicare DSH payments.

WPS concurred with our first recommendation but did not concur with our recommendation to reopen and revise settled cost reports (from Missouri providers) that we did not review. WPS stated that its limited resources did not permit it to conduct the detailed auditing that, it said, our second recommendation would require. WPS agreed with our remaining recommendations. We maintain that all of our findings and recommendations remain valid. Coordination with the Missouri State Medicaid agency to obtain information necessary to address our second recommendation would involve a relatively straightforward process. Corrective actions that used this process would, we believe, yield more accurate results and a potentially significant recovery of Medicare funds that could justify the investment of resources.