

Report in Brief

Date: December 2020

Report No. A-07-18-05113

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



Why OIG Did This Audit

This audit is part of a series of hospital compliance audits. Using computer matching, data mining, and data analysis techniques, we identified hospital claims that were at risk for noncompliance with Medicare billing requirements. For calendar year 2017, Medicare paid hospitals \$206 billion, which represents 55 percent of all fee-for-service payments for the year.

Our objective was to determine whether Providence Medical Center (the Hospital) complied with Medicare requirements for billing inpatient and outpatient services on selected types of claims.

How OIG Did This Audit

We selected for review a stratified sample of 90 inpatient and 10 outpatient claims with payments totaling \$1.1 million for our 2-year audit period (January 1, 2016, through December 31, 2017).

We focused our audit on the risk areas that we identified as a result of prior OIG audits at other hospitals. We evaluated compliance with selected billing requirements.

Medicare Hospital Provider Compliance Audit: Providence Medical Center

What OIG Found

The Hospital complied with Medicare billing requirements for 87 of the 100 inpatient and outpatient claims we reviewed. However, the Hospital did not fully comply with Medicare billing requirements for the remaining 13 claims, resulting in overpayments of \$57,800 for calendar years 2016 and 2017.

On the basis of our sample results, we estimated that the Hospital received overpayments of at least \$325,241 for the audit period.

What OIG Recommends and Hospital Comments

We recommend that the Hospital refund to the Medicare contractor \$325,241 in estimated overpayments for the audit period for claims that it incorrectly billed; based on the results of this audit, exercise reasonable diligence to identify, report, and return any overpayments in accordance with the 60-day rule, and identify any of those returned overpayments as having been made in accordance with this recommendation; and strengthen controls to ensure full compliance with Medicare requirements.

The Hospital disagreed with all of our findings and our first two recommendations. The Hospital did not agree with the errors we identified and our use of extrapolation. The Hospital added that it believed that our independent medical review contractor misapplied applicable Medicare authority during the review. For our third recommendation, the Hospital described corrective actions that it had taken or planned to take to further enhance and strengthen its controls. Specifically, the Hospital stated that it was evaluating its current policies, processes, and internal review practices to identify potential opportunities for additional improvement.

To assist in the preparation of this final report, we had our independent medical review contractor review the Hospital's written comments on our draft report and the additional documentation that it provided. Based on the results of this additional medical review, we maintain that all of our findings and recommendations are valid, although we acknowledge the Hospital's right to appeal the findings.