

## Report in Brief

Date: November 2021

Report No. A-07-19-01188

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



### Why OIG Did This Audit

Under the Medicare Advantage (MA) program, the Centers for Medicare & Medicaid Services (CMS) makes monthly payments to MA organizations according to a system of risk adjustment that depends on the health status of each enrollee. Accordingly, MA organizations are paid more for providing benefits to enrollees with diagnoses associated with more intensive use of health care resources than to healthier enrollees, who would be expected to require fewer health care resources.

To determine the health status of enrollees, CMS relies on MA organizations to collect diagnosis codes from their providers and submit these codes to CMS. Some diagnoses are at higher risk for being miscoded, which may result in overpayments from CMS.

For this audit, we reviewed one MA organization, UPMC Health Plan, Inc. (UPMC), and focused on 10 groups of high-risk diagnosis codes. Our objective was to determine whether selected diagnosis codes that UPMC submitted to CMS for use in CMS's risk adjustment program complied with Federal requirements.

### How OIG Did This Audit

We sampled 280 unique enrollee-years with the high-risk diagnosis codes for which UPMC received higher payments for 2015 through 2016. We limited our review to the portions of the payments that were associated with these high-risk diagnosis codes, which totaled \$975,223.

## Medicare Advantage Compliance Audit of Specific Diagnosis Codes That UPMC Health Plan, Inc. (Contract H3907) Submitted to CMS

### What OIG Found

With respect to the 10 high-risk groups covered by our audit, most of the selected diagnosis codes that UPMC submitted to CMS for use in CMS's risk adjustment program did not comply with Federal requirements. For 194 of the 280 enrollee-years, the diagnosis codes that UPMC submitted to CMS were not supported in the medical records and resulted in \$681,099 of net overpayments for the 194 enrollee-years.

These errors occurred because the policies and procedures that UPMC had to ensure compliance with CMS's program requirements, as mandated by Federal regulations, were not always effective. On the basis of our sample results, we estimated that UPMC received at least \$6.4 million of net overpayments for these high-risk diagnosis codes in 2015 and 2016.

### What OIG Recommends and UPMC Comments

We recommend that UPMC refund to the Federal Government the \$6.4 million of estimated net overpayments; identify, for the high-risk diagnoses included in this report, similar instances of noncompliance that occurred before or after our audit period and refund any resulting overpayments to the Federal Government; and continue its examination of existing compliance procedures to identify areas where improvements can be made to ensure that diagnosis codes that are at high risk for being miscoded comply with Federal requirements (when submitted to CMS for use in CMS's risk adjustment program) and take the necessary steps to enhance those procedures.

UPMC disagreed with our findings and recommendations. UPMC provided additional information which, according to UPMC, validated HCCs for 25 sampled enrollee-years. UPMC questioned both our audit methodology and the qualifications of our independent medical review contractor. UPMC also stated that we did not calculate overpayments according to CMS requirements and that it disagreed with our extrapolation methodology and our assessment of its compliance program. After reviewing UPMC's comments and the additional information that it provided, we revised the number of enrollee-years in error for this final report. We followed a reasonable audit methodology, used a qualified medical review contractor, correctly applied applicable Federal requirements underlying the MA program, and properly assessed UPMC's compliance program. We revised the amount in our first recommendation from \$6.6 million (in our draft report) to \$6.4 million but made no change to our other recommendations.