

Report in Brief

Date: September 2022

Report No. A-07-19-01195

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, BlueCross BlueShield of Tennessee, Inc. (BCBST), and focused on nine groups of high-risk diagnosis codes. Our objective was to determine whether selected diagnosis codes that BCBST submitted to CMS for use in CMS's risk adjustment program complied with Federal requirements.

How OIG Did This Audit

We sampled 270 unique enrollee-years with the high-risk diagnosis codes for which BCBST received higher payments for 2016 through 2017. We limited our review to the portions of the payments that were associated with these high-risk diagnosis codes, which totaled \$683,651.

Medicare Advantage Compliance Audit of Specific Diagnosis Codes That BlueCross BlueShield of Tennessee, Inc. (Contract H7917) Submitted to CMS

What OIG Found

With respect to the nine high-risk groups covered by our audit, most of the selected diagnosis codes that BCBST submitted to CMS for use in CMS's risk adjustment program did not comply with Federal requirements. For 210 of the 270 sampled enrollee-years, the medical records that BCBST provided did not support the diagnosis codes and resulted in \$491,269 in overpayments.

As demonstrated by the errors found in our sample, BCBST's policies and procedures to prevent, detect, and correct noncompliance with CMS's program requirements, as mandated by Federal regulations, could be improved. On the basis of our sample results, we estimated that BCBST received approximately \$7.8 million in overpayments for 2016 and 2017.

What OIG Recommends and BCBST Comments

We recommend that BCBST: (1) refund to the Federal Government the \$7.8 million of estimated overpayments; (2) identify, for the high-risk diagnoses included in this report, similar instances of noncompliance that occurred before and after our audit period and refund any resulting overpayments to the Federal Government; and (3) continue its examination of its 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.

BCBST concurred that most of the reviewed diagnosis codes were not supported by medical records and agreed to refund the Federal Government the associated payments. However, BCBST did not concur with the other findings associated with our first recommendation and provided additional documentation. BCBST did not agree with our audit methodology, use of extrapolation, and application of CMS requirements to calculate overpayments. Additionally, BCBST did not concur with our second and third recommendations.

After reviewing BCBST's comments and the additional documentation that it provided, we revised the number of enrollee-years in error and adjusted our calculation of overpayments. We followed a reasonable audit methodology and correctly applied applicable Federal requirements underlying the MA program. We reduced the amount in our first recommendation and made no changes to our second and third recommendations.