

## Report in Brief

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



### Why OIG Did This Review

The Centers for Medicare & Medicaid Services requires independent histocompatibility laboratories to report tissue-typing costs and revenues on their Medicare cost reports and to calculate the ratio of kidney tissue-typing revenues to all tissue-typing revenues (referred to as the “reimbursement ratio”). To determine the Medicare reimbursement for kidney tissue-typing services, this ratio is multiplied by the total reported tissue-typing costs. If an independent histocompatibility laboratory incorrectly reports costs and revenues, its ratio may be inflated, resulting in higher Medicare reimbursement. We selected for review the National Institute of Transplantation (NIT) because its reimbursement ratio was 14 percentage points higher than the national average.

Our objective was to determine whether NIT complied with Medicare requirements for reporting tissue-typing costs and revenues on its Medicare cost report for fiscal year (FY) 2012.

### How OIG Did This Review

We reviewed NIT’s FY 2012 Medicare cost report, which showed costs of \$10.1 million and revenues of \$4.8 million. To determine whether NIT correctly reported costs and revenues on its cost report, we judgmentally selected for review 186 cost transactions totaling \$884,212 and 751 tissue-typing tests with revenues totaling \$326,455.

## National Institute of Transplantation, an Independent Histocompatibility Laboratory, Did Not Fully Comply With Medicare’s Cost-Reporting Requirements

### What OIG Found

NIT did not fully comply with Medicare requirements for reporting tissue-typing costs and revenues on its FY 2012 Medicare cost report. Of 186 cost transactions, 177 were correctly reported; however, the remaining 9 transactions, totaling \$81,063, were incorrectly reported. Of 751 tissue-typing tests, 711 were correctly reported; however, the remaining 40 tests and 94 additional tests, with combined revenues totaling \$50,000, were incorrectly reported.

As a result of these reporting errors, NIT incorrectly calculated its total tissue-typing costs and Medicare reimbursement ratio. Consequently, NIT received \$45,940 in overpayments from Medicare. These incorrectly reported costs and revenues were included on NIT’s FY 2012 cost report, which is outside of the 3-year reopening period.

### What OIG Recommends and NIT Comments

We recommend that NIT (1) work with the Medicare administrative contractor (MAC) to return \$45,940 in potential overpayments identified in this report that are outside of the 3-year reopening period but within the 6-year lookback period in accordance with the 60-day rule, and identify the returned overpayments as having been made in accordance with this recommendation; and (2) exercise reasonable diligence to identify and return any additional similar overpayments related to cost reports that were not part of our audit in accordance with the 60-day rule, and identify any returned overpayments as having been made in accordance with this recommendation.

NIT concurred with our recommendations and provided information on actions that it planned to take to address them. Regarding our finding that four cost transactions were incurred outside of the cost-reporting period, NIT stated that by removing these costs from the FY 2012 cost report, NIT would suffer the loss of reimbursement because the costs were not reported on the cost report in the year incurred and cannot be recaptured. Although NIT concurred with our first recommendation, NIT stated that it will work with the MAC to return the overpayments identified after our consideration of its comment on our finding. We maintain that our findings and recommendations are valid. Federal regulations state that independent histocompatibility laboratories must provide adequate cost data that are based on the accrual basis of accounting, which means that an expense is reported in the period in which it is incurred, regardless of when it is paid.