Medicare Improperly Paid Hospitals Millions of Dollars for Intensity-Modulated Radiation Therapy Planning Services

What OIG Found
Payments for outpatient IMRT planning services did not comply with Medicare billing requirements. Specifically, for all 100 line items in our sample, the hospitals separately billed for complex simulations when they were performed as part of IMRT planning. The overpayments primarily occurred because the hospitals appeared to be unfamiliar with or misinterpreted the Centers for Medicare & Medicaid Services (CMS) guidance. In addition, the claim processing edits did not prevent the overpayments because the edits applied only to services billed on the same date of service as the billing of the procedure code for the bundled payment, and the services in our sample were billed on a different date of service.

On the basis of our sample results, we estimated that Medicare overpaid hospitals nation-wide as much as $21.5 million for complex simulations billed during our audit period. In addition, we identified $4.2 million in potential overpayments for other IMRT planning services that were not included in our sample. In total, Medicare overpaid hospitals as much as $25.8 million during our audit period.

For IMRT planning services billed in the 2 years after our audit period (for CYs 2016 and 2017), we identified an additional $3.7 million in potential overpayments for complex simulations and $1.7 million for other IMRT planning services. In total, Medicare overpaid hospitals as much as $5.4 million after our audit period.

What OIG Recommends and CMS Comments
We recommend that CMS (1) implement an edit to prevent improper payments for IMRT planning services that are billed before (e.g., up to 14 days before) the procedure code for the bundled payment for IMRT planning is billed, which could have saved as much as $25.8 million during our audit period and as much as $5.4 million in the 2 years after our audit period, and (2) work with the Medicare contractors to educate hospitals on properly billing Medicare for IMRT planning services.

In written comments on our draft report, CMS concurred with our recommendations and provided information on actions that it had taken or planned to take to address our recommendations.