

Report in Brief

Date: October 2020

Report No. A-09-18-03010



Why OIG Did This Audit

Medicare paid hospitals \$372 million for bariatric surgeries provided to Medicare beneficiaries in calendar years 2015 and 2016. Bariatric surgery helps those with morbid obesity to lose weight by making changes to their digestive system. Although OIG has not conducted an audit in this area, the Centers for Medicare & Medicaid Services' (CMS's) study of certain bariatric surgery procedure codes found that 98 percent of improper payments lacked sufficient documentation to support the procedures. After analyzing Medicare claim data for bariatric surgery claims with dates of service from January 2015 through December 2016 (audit period), we selected for audit Cedars-Sinai Medical Center (Cedars-Sinai), located in Los Angeles, California.

Our objective was to determine whether Cedars-Sinai complied with Medicare requirements and the Medicare contractor's local coverage determinations (LCDs) and local coverage article (LCA) when billing for bariatric surgeries.

How OIG Did This Audit

Our audit covered \$1.3 million in Medicare payments to Cedars-Sinai for 62 bariatric surgery claims. We reviewed the beneficiaries' medical records to determine whether the claims met Medicare requirements and the specifications in Noridian Healthcare Solutions, LLC's (Noridian's) LCDs and LCA for bariatric surgery. An independent medical review contractor reviewed the medical records for 23 claims.

Cedars-Sinai Medical Center: Audit of Medicare Payments for Bariatric Surgeries

What OIG Found

Cedars-Sinai did not fully comply with Medicare requirements and the Medicare contractor's LCDs and LCA when billing for bariatric surgeries. For 37 of the 62 claims we reviewed, Cedars-Sinai complied with Medicare requirements and the specifications in Noridian's LCDs and LCA for documenting previously unsuccessful medical treatment for obesity. However, for the remaining 25 claims, Cedars-Sinai did not comply with Noridian's specifications. Specifically, Cedars-Sinai did not provide adequate documentation of the beneficiaries' multidisciplinary medical evaluations or participation in a weight management program. Cedars-Sinai did not comply with the specifications in the LCDs for 12 claims, with payments totaling \$154,074, and did not comply with the specifications in the LCA for 13 claims, with payments totaling \$175,199. As of the publication of this report, these payments include claims outside of the 4-year reopening period.

What OIG Recommends and Cedars-Sinai Comments

We recommend that Cedars-Sinai: (1) refund to Medicare the portion of the \$154,074 in overpayments for bariatric surgery claims that did not comply with the specifications in the LCDs and that are within the 4-year reopening period; (2) based upon the results of this audit, exercise reasonable diligence to identify, report, and return any overpayments in accordance with the 60-day rule; (3) work with Noridian to take action deemed necessary by CMS or Noridian, or both, regarding \$175,199 in payments for bariatric surgery claims with dates of service on or after the effective date of the LCA; (4) update its patient checklist to include all of Noridian's specifications for billing bariatric surgeries; and (5) obtain supporting medical record documentation from other providers, such as primary care physicians, mental health providers, or dietitians, before performing any future bariatric surgeries.

Cedars-Sinai partially agreed with our first and third recommendations and agreed with our second, fourth, and fifth recommendations. Regarding our first and third recommendations, Cedars-Sinai disagreed with our finding for one claim that did not comply with the specifications in the applicable LCD and our findings for two claims that did not comply with the specifications in the LCA. Cedars-Sinai provided information on actions that it had taken or planned to take to address our recommendations.

We maintain that our findings and recommendations remain valid. For all 25 noncompliant claims (including the 3 claims for which Cedars-Sinai disagreed with our findings), either OIG or the independent medical review contractor found that the information in the beneficiaries' medical records did not support the eligibility specifications for bariatric surgery.