

Report in Brief

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



Why OIG Did This Audit

The Medicare hospice benefit allows providers to claim Medicare reimbursement for hospice services provided to individuals with a life expectancy of 6 months or less who have elected hospice care. Previous OIG audits and evaluations found that Medicare inappropriately paid for hospice services that did not meet certain Medicare requirements.

Our objective was to determine whether hospice services provided by Alive Hospice, Inc. (Alive), complied with Medicare requirements.

How OIG Did This Audit

Our audit covered 11,969 claims for which Alive (located in Nashville, Tennessee) received Medicare reimbursement of \$45.8 million for hospice services provided from October 1, 2015, through September 30, 2017. We reviewed a random sample of 100 claims. We evaluated compliance with selected Medicare billing requirements and submitted these sampled claims and the associated medical records to an independent medical review contractor to determine whether the services met coverage, medical necessity, and coding requirements.

Medicare Hospice Provider Compliance Audit: Alive Hospice, Inc.

What OIG Found

Alive received Medicare reimbursement for hospice services that did not comply with Medicare requirements. Of the 100 hospice claims in our sample, 76 claims complied with Medicare requirements. However, the remaining 24 claims did not comply with the requirements. Specifically, for 16 claims, the clinical record did not support the beneficiary's terminal prognosis, and for the remaining 8 claims, the clinical record did not support the level of care claimed for Medicare reimbursement.

Improper payment of these claims occurred because Alive's policies and procedures were not effective in ensuring that the clinical documentation it maintained supported the terminal illness prognosis and that the appropriate level of care was provided. On the basis of our sample results, we estimated that Alive received at least \$7.3 million in unallowable Medicare reimbursement for hospice services.

What OIG Recommends and Alive Comments

We recommend that Alive: (1) refund to the Federal Government the portion of the estimated \$7.3 million for hospice services that did not comply with Medicare requirements 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; and (3) strengthen its policies and procedures to ensure that hospice services comply with Medicare requirements.

In written comments on our draft report, Alive, through its attorney, strongly disagreed with our methodology and findings and did not concur with our recommendations. However, Alive agreed to refund any overpayments for the two sampled claims it agreed were in error. Alive stated that our independent medical review contractor repeatedly failed to view the medical record as a whole and elevated the medical reviewer's judgment above that of the certifying physician's judgment. In addition, Alive's statistical expert challenged the validity of our statistical sampling methodology and the resulting extrapolation.

After reviewing Alive's comments, we maintain that our findings and recommendations are valid. We also reviewed Alive's statistical expert's comments and maintain that our sampling methodology and extrapolation were statistically valid and resulted in a legally valid and reasonably conservative estimate of the amount that Medicare overpaid to Alive.