

## Report in Brief

Date: August 2023

Report No. A-09-21-03020

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



### Why OIG Did This Audit

Organ procurement organizations (OPOs) perform or coordinate the procurement and preservation of organs, such as kidneys, as well as transportation of organs to hospitals for transplantation into patients on a waiting list to receive a transplant. Prior OIG audits found that two independent OPOs in California did not comply with Medicare requirements for reporting overhead costs as well as administrative and general costs. Specifically, professional and public education overhead costs accounted for 44 percent and 65 percent of the total amount questioned in each report, respectively. We conducted this nationwide audit to determine whether the issues identified in the two prior OIG audits were occurring at independent OPOs nationwide.

Our objective was to determine whether independent OPOs' professional and public education overhead costs met Medicare requirements.

### How OIG Did This Audit

Our audit covered \$101.6 million of professional and public education overhead costs (with Medicare payments of \$50.9 million) reported in the 50 independent OPOs' most recently finalized Medicare cost reports with FY end dates from May 31, 2015, through June 30, 2019 (audit period). Our audit covered costs from only 1 FY for each OPO. We randomly sampled for review 30 professional and public education overhead costs from each of the 10 randomly selected OPOs (300 sampled costs totaling \$294,692).

## Medicare Paid Independent Organ Procurement Organizations Over Half a Million Dollars for Professional and Public Education Overhead Costs That Did Not Meet Medicare Requirements

### What OIG Found

Not all professional and public education overhead costs reported by independent OPOs met Medicare requirements. Of the 300 sampled professional and public education overhead costs, 264 costs met Medicare requirements. The remaining 36 costs, totaling \$15,852 (with Medicare payments of \$6,423), did not meet Medicare requirements and were therefore unallowable. Furthermore, while reconciling the OPOs' general ledgers with the OPOs' Medicare cost reports, we determined that OPOs reported an additional \$132,898 of unallowable professional and public education overhead costs (with Medicare payments of \$65,785).

On the basis of our sample results and additional findings we identified during our reconciliation, we estimated that \$664,295 (consisting of an estimated \$598,510 based on our sample results and \$65,785 for our reconciliation findings) of the \$50.9 million paid for professional and public education overhead costs was unallowable. The OPOs reported unallowable costs because: (1) they misunderstood Medicare requirements and (2) their staff made administrative errors or were not aware that costs did not meet Medicare requirements.

### What OIG Recommends and CMS Comments

We recommend that CMS: (1) instruct the Medicare administrative contractor (MAC) to recover \$72,208 in unallowable Medicare payments by adjusting the applicable OPOs' Medicare cost reports to correct the \$148,750 of unallowable professional and public education overhead costs reported, consistent with relevant laws and the agency's policies and procedures; and (2) update applicable Medicare requirements to clarify which types of professional and public education overhead costs are unallowable, which could have saved Medicare an estimated \$664,295 for professional and public education overhead costs during our audit period.

CMS concurred with our recommendations and described corrective actions it planned to take. CMS stated that: (1) it will instruct the MAC to recover unallowable payments from the applicable OPOs in accordance with the agency's policies and procedures and (2) it is reviewing its regulations and guidance and will make updates, as needed, to ensure that OPOs have the tools they need to determine allowable costs for reporting purposes.