Medicare Advantage Compliance Audit of Specific Diagnosis Codes That Regence BlueCross BlueShield of Oregon (Contract H3817) Submitted to CMS

What OIG Found

With respect to the seven high-risk groups covered by our audit, most of the selected diagnosis codes that Regence submitted to CMS for use in CMS’s risk adjustment program did not comply with Federal requirements. Specifically, for 111 of the 179 sampled enrollee-years, the diagnosis codes that Regence submitted to CMS were not supported in the medical records and resulted in net overpayments of $248,885. As demonstrated by the errors in our sample, the policies and procedures that Regence used to prevent, detect, and correct noncompliance with CMS’s program requirements, as mandated by Federal regulations, could be improved. On the basis of our sample results, we estimated that Regence received at least $1.8 million of net overpayments for these high-risk diagnosis codes for 2015 and 2016.

What OIG Recommends and Regence Comments

We recommend that Regence: (1) refund to the Federal Government the $1.8 million of estimated net overpayments; (2) identify, for the high-risk diagnoses included in this report, similar instances of noncompliance that occurred before or after our audit period and refund any resulting overpayments to the Federal Government; and (3) continue to examine its existing compliance procedures to identify areas where improvements can be made to ensure that diagnosis codes that are at high risk for being miscoded comply with Federal requirements (when submitted to CMS for use in CMS’s risk adjustment program) and take the necessary steps to enhance those procedures.

Regence disagreed with our findings and did not concur with our recommendations. However, Regence agreed to submit data corrections to CMS for 108 of 111 enrollee-years questioned in our draft report. Regence stated that it did not plan to submit data corrections for the remaining 3 enrollee-years and provided additional explanations as to why it believes the medical records validated the diagnosis codes. Regence also disagreed with our extrapolated repayment calculation. Furthermore, Regence disagreed that it should conduct additional audits (to identify similar instances of noncompliance) and that it should examine its compliance procedures. After reviewing Regence’s comments, we maintain that our findings and recommendations are valid.

The full report can be found at https://oig.hhs.gov/oas/reports/region9/92003009.asp.