OIG Hospital Compliance Audits: The Wave of the Future?

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• OIG focus on, and results from, healthcare enforcement has never been higher
• According to the Inspector General, in the last three years, for every $1 spent on health care fraud control, the federal government has returned $6.80
• New era of OIG fraud-busting efforts: data mining, trend evaluation and modeling to identify questionable provider billing patterns
• The OIG's new on-site hospital compliance audits sweeping across the country are an outgrowth of these new data mining capabilities
Hospital Compliance Audits – What are They?

• OIG Division of Audit Services involved with on-site reviews at over 40 hospitals nationally regarding their potential noncompliance with Medicare inpatient and outpatient billing and coding requirements
• Mentioned in the OIG 2012 Work Plan - likely many more hospitals to follow
• Focus on known "risk areas" based on prior OIG audits and investigations at other hospitals
• New OIG data mining techniques permit a review of up to 27 different risk areas during the same on-site audit
• Active interaction with the Hospital's Compliance Department throughout these reviews
What Do We Know About the Compliance Audit Process?

• Hospital receives a contact letter (may be addressed directly to the Compliance Officer) announcing that hospital is a target and that an on-site audit will occur in the near future
• Expect an extended on-site OIG stay at the hospital with multiple OIG representatives reviewing claims and corresponding medical records
• OIG selects a sample of approximately 200 total inpatient and outpatient Medicare claims for a recent two-year period (2008 forward)
• OIG reviews the sample claims and charts on-site against the identified risk areas
• Any errors are identified and hospital encouraged to perform its own self-audit of the affected claims
Hospital required to remediate the identified errors with additional controls and staff training as necessary

Hospital must also refund the identified sample overpayment to their MAC

No extrapolation

OIG posts final compliance audit report on its web-site along with a written response from the hospital regarding the audit findings and recommendations
Risk Areas

• Inpatient short stays
• Inpatient same-day discharges and readmissions
• Inpatient claims with payments greater than $150,000
• Inpatient hospital-acquired conditions and present on admission indicator reporting
• Outpatient claims for intensity modulated radiation therapy planning services
• Outpatient claims billed with modifier -59
• Outpatient claims billed during an inpatient stay
• Outpatient claims for E&M services billed with surgical services
• Outpatient claims involving manufacturer credits for replaced medical devices
• Inpatient and outpatient claims paid in excess of charges
Subcategory of Billing Concerns

- Physician inpatient admission orders
- Post-acute transfer coding and payments
- DRG assignment
- HCPCS coding
- Units of service
South Shore Hospital, Weymouth, MA: $341,033 overpayment
Fletcher Allen Hospital, Burlington, VT: $234,022 overpayment
Cape Cod Hospital, Hyannis, MA: $379,182 overpayment
University of California, San Francisco Medical Center: $784,277 overpayment
Baystate Medical Center, Springfield, MA: $325,120 overpayment
Unique Role of Compliance Department During Audit Process

- Active OIG collaboration with Hospital Compliance Officer from beginning to end of the review
- Compliance Officer represents hospital in investigating why sample errors may have occurred
- Compliance Officer also confirming for OIG the effectiveness of corrective action implemented in response to identified errors
- Written assurances to this effect from Compliance Officer in response to final audit report and findings
- Compliance Officer an ombudsman to the OIG for hospital’s institutional commitment to corporate responsibility
Conclusion

• Hospitals should use this opportunity to review their current claims submission processes to determine if any further controls are necessary related to these issues.
• Hospital should reaffirm the effectiveness of their own compliance program involvement in correct coding and billing practice.
• Be prepared in the event you receive a contact letter and become the next target of the national OIG hospital initiative.
QUESTIONS?