

OIG Hospital Compliance Audits: The Wave of the Future?

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Introduction

- 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
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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



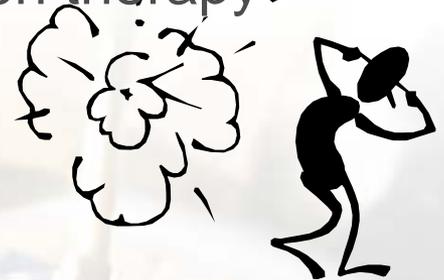
What Do We Know About the Compliance Audit Process? (continued)

- 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





Hospital Compliance Audit Reports Published To Date

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





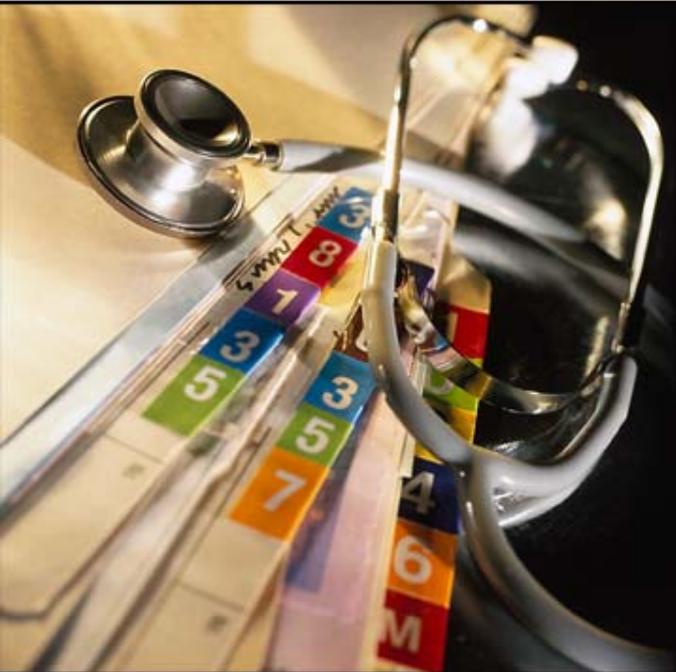
Unique Role of Compliance Department During Audit Process

- 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?

