Report in Brief
Date: December 2019
Report No. A-04-18-08068

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

Medicare Hospital Provider Compliance Audit: Texas Health Presbyterian Hospital Dallas

Why OIG Did This Audit

This audit is part of a series of hospital compliance audits. Using computer matching, data mining, and data analysis techniques, we identified hospital claims that were at risk for noncompliance with Medicare billing requirements. For calendar year 2017, Medicare paid hospitals $206 billion, which represents 55 percent of all fee-for-service payments for the year.

Our objective was to determine whether Texas Health Presbyterian Dallas (the Hospital) complied with Medicare requirements for billing inpatient and outpatient services on selected types of claims.

How OIG Did This Audit

We selected for review a stratified random sample of 85 inpatient and 15 outpatient claims with payments totaling $1.5 million for our 2-year audit period (January 1, 2016, through December 31, 2017).

We focused our audit on the risk areas that we identified as a result of prior OIG audits at other hospitals. We evaluated compliance with selected billing requirements.

What OIG Found

The Hospital complied with Medicare billing requirements for 59 of the 100 inpatient and outpatient claims we reviewed. However, the Hospital did not fully comply with Medicare billing requirements for the remaining 41 claims, resulting in net overpayments of $500,323 for the audit period. The 40 inpatient claims had billing errors, resulting in net overpayments of $500,232 and 1 outpatient claim had a billing error, resulting in an overpayment of $91. Specifically, the Hospital incorrectly billed:

- 27 inpatient rehabilitation claims that either did not meet coverage or documentation requirements,
- 8 inpatient Medicare Part A claims that should have been billed as outpatient or outpatient with observation, and
- 1 outpatient and 5 inpatient claims that were incorrectly coded.

On the basis of our sample results, we estimated that the Hospital received overpayments of at least $10.7 million for the audit period. During the course of our audit, the Hospital submitted 13 of these claims for reprocessing, and we verified those claims as correctly reprocessed. Accordingly, we have reduced the recommended refund by $114,415.

What OIG Recommends and Hospital Comments

We recommend that the Hospital refund to the Medicare contractor $10.6 million ($10.7 million less $114,415 that the Hospital has already repaid) in estimated overpayments for the audit period for claims that it incorrectly billed; exercise reasonable diligence to identify and return any additional similar overpayments received outside of our audit period, in accordance with the 60-day rule; and strengthen controls to ensure full compliance with Medicare requirements.

The Hospital disagreed with the majority of the inpatient rehabilitation claims that we identified as incorrectly billed and with some of the beneficiary stays that should have been billed as outpatient. In addition, the Hospital disagreed with our use of extrapolation and our recommendation that it refund the extrapolated overpayment.

We obtained independent medical review for all inpatient claims in our sample. We provided the independent medical reviewers with all documentation necessary to sufficiently determine medical necessity for all inpatient claims, and our report reflects the results of that review. Our statistical methods have been fully explained and repeatedly validated. Therefore, we maintain that all of our findings and recommendations are correct.