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

Medicare Home Health Agency Provider Compliance Audit: Palos Community Hospital Home Health Agency

Why OIG Did This Audit

Under the Medicare home health prospective payment system (PPS), the Centers for Medicare & Medicaid Services pays home health agencies (HHAs) a standardized payment for each 60-day episode of care that a beneficiary receives. The PPS payment covers intermittent skilled nursing and home health aide visits, therapy (physical, occupational, and speech-language pathology), medical social services, and medical supplies.

Our prior reviews of home health services identified significant overpayments to HHAs. These overpayments were largely the result of HHAs improperly billing for services to beneficiaries who were not confined to the home (homebound) or were not in need of skilled services.

Our objective was to determine whether Palos Community Hospital Home Health Agency (Palos) complied with Medicare requirements for billing home health services on selected types of claims.

How OIG Did This Audit

We selected a stratified random sample of 100 home health claims and submitted these claims to medical review.

What OIG Found

Palos did not comply with Medicare billing requirements for 16 of the 100 home health claims that we reviewed. For these claims, Palos received overpayments of $22,428 for services provided in calendar years (CYs) 2015 and 2016. Specifically, Palos incorrectly billed Medicare for (1) services provided to beneficiaries who were not homebound, (2) services provided to beneficiaries that did not require skilled services, or (3) incorrect Health Insurance Prospective Payment System payment codes. On the basis of our sample results, we estimated that Palos received overpayments of at least $680,884 for CYs 2015 and 2016.

What OIG Recommends and Palos Comments

We made several recommendations to Palos, including that it (1) refund to the Medicare program the portion of the estimated $680,884 in overpayments for claims incorrectly billed that are within the reopening period; (2) exercise reasonable diligence to identify and return overpayments, in accordance with the 60-day rule, for claims that are outside the reopening period; and (3) exercise reasonable diligence to identify and return any additional similar overpayments outside of our audit period. We also made several procedural recommendations.

In written comments on our draft report, Palos concurred with all of our findings and recommendations and stated that they have implemented an action plan which includes monitoring clinical documentation.