

REPORT HIGHLIGHTS



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National Government Services, Inc., Reopened and Corrected Cost Report Final Settlements With Obvious Errors To Collect Overpayments Made to Medicare Providers

Why OIG Did This Audit

- Medicare providers are required to submit to their Medicare administrative contractors (MACs) annual cost reports, which are financial documents that convey the provider's costs associated with providing services to Medicare enrollees. MACs use them to determine the final amount of Medicare program reimbursement due providers for their cost reporting period (the final settlement of the cost report).
- MACs can audit a provider's cost report after performing a mandatory desk review to further verify compliance with the law, regulations, and Medicare manual instructions relating to the final settlement of the cost report.
- CMS's primary goal is for the MACs to arrive at correct final settlements of the cost report. If there is an error made in the final settlement, the cost report final settlement may be reopened and adjusted to correct for the error. We performed this audit of one MAC, National Government Services, Inc. (NGS), to determine whether NGS reopened and corrected cost report final settlements because of audit errors.

What OIG Found

NGS reopened 11 of 209 (5.3 percent) audited cost reports to correct the final settlements that contained obvious errors. These 11 audited cost reports required 12 reopenings because of human errors by NGS personnel.

- As a result of these 12 errors, the reopened cost reports resulted in corrected final settlements to providers totaling \$344,794 in net overpayments (which consisted of \$582,584 in overpayments and \$237,790 in underpayments).
- The risk exists that delays in the finalization of audited cost reports could prevent some Medicare funds from being expended in the most efficient and effective ways.
- Auditors and supervisors required additional education on the criteria and audit requirements. NGS's procedures for review by supervisors did not detect the incorrect audit adjustments.

What OIG Recommends

We recommend that NGS develop and deliver additional education to auditors and audit supervisors regarding applicable criteria and review requirements and develop and implement enhanced procedures so that supervisors are better qualified to detect incorrect audit adjustments.

NGS agreed with both of our recommendations and described actions it has taken to address them.