REPORT HIGHLIGHTS

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Medicare Advantage Compliance Audit of Specific Diagnosis Codes Blue Care Network of Michigan (Contract H5883) Submitted to CMS

Why OIG Did This Audit

- Under the Medicare Advantage (MA) program, CMS makes monthly payments to MA organizations based in part on the health status of the enrollees being covered.

- To determine the health status of enrollees, CMS relies on MA organizations to collect diagnosis codes from its providers and submit these codes to CMS. Some diagnoses are at higher risk for being miscoded, which may result in overpayments from CMS.

- This audit is part of a series of audits in which we are reviewing high-risk diagnosis codes that MA organizations submitted to CMS for use in its risk adjustment program.

What OIG Found

Blue Care Network of Michigan (BCN) did not submit most of the selected high-risk diagnosis codes to CMS for use in the risk adjustment program in accordance with Federal requirements.

- For 192 of the 210 sampled enrollee-years, either the medical records that BCN provided did not support the diagnosis codes, or BCN could not locate the medical records to support the diagnosis codes, which resulted in $542,164 in overpayments.
- On the basis of our sample results, we estimated that BCN received at least $6.4 million in overpayments for 2017 and 2018.

As demonstrated by the errors found in our sample, BCN's policies and procedures to prevent, detect, and correct noncompliance with CMS's program requirements, as mandated by Federal regulations, could be improved. Due to Federal regulations that limit the use of extrapolation for recovery purposes to 2018 and forward, we limited our recommended recovery to $3.4 million.

What OIG Recommends

We recommend that BCN:

1. refund to the Federal Government the $3.4 million of estimated overpayments;
2. identify, for the high-risk diagnoses included in this report, similar instances of noncompliance that occurred before or after our audit period and refund any resulting overpayments to the Federal Government; and
3. continue to examine its compliance procedures to identify areas where improvements can be made to ensure that diagnosis codes that are at high risk for being miscoded comply with Federal requirements (when submitted to CMS for use in CMS's risk adjustment program) and take the necessary steps to enhance those procedures.

BCN did not agree with our findings or with our recommendations.