REPORT HIGHLIGHTS

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Medicare Advantage Compliance Audit of Specific Diagnosis Codes That Coventry Health and Life Insurance Company (Contract H1608) Submitted to CMS

Why OIG Did This Audit

- Under the Medicare Advantage (MA) program, CMS makes monthly payments to MA organizations according to a system of risk adjustment that depends on the health status of each enrollee. Accordingly, MA organizations are paid more for providing benefits to enrollees with diagnoses associated with more intensive use of health care resources than to healthier enrollees, who would be expected to require fewer health care resources.
- To determine the health status of enrollees, CMS relies on MA organizations to collect diagnosis codes from their 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 examined whether Coventry Health and Life Insurance Company's submission of selected diagnosis codes to CMS, for use in CMS's risk adjustment program, complied with Federal requirements.

What OIG Found

For the 10 high-risk groups covered by our audit, most of Coventry's submissions of the selected diagnosis codes to CMS for use in CMS's risk adjustment program did not comply with Federal requirements.

- For 249 of 300 sampled enrollee-years, the diagnosis codes that Coventry submitted to CMS were not supported by medical records and resulted in $752,587 in net overpayments. On the basis of our sample results, we estimated that Coventry received at least $6.9 million in net overpayments for 2018 and 2019.
- As demonstrated by the errors we identified, Coventry's policies and procedures to prevent, detect, and correct noncompliance with CMS's program requirements, as mandated by Federal regulations, could be improved.

What OIG Recommends

We made three recommendations to Coventry, including that it refund to the Federal Government the $6.9 million of estimated net overpayments, identify similar instances of noncompliance after our audit period and refund any resulting overpayments to the Federal Government, and continue to examine its existing compliance procedures to identify areas for improving compliance with Federal requirements. The full recommendations are in the report.

Coventry disagreed with some of our findings and all of our recommendations.