

REPORT HIGHLIGHTS



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Wisconsin Physicians Service Government Health Administrators Reopened and Corrected Cost Report Final Settlements for Desk Reviews Only With Obvious Errors To Correct Payments Made to Medicare Providers

Why OIG Did This Audit

- Medicare providers are required to submit annual cost reports to their Medicare administrative contractors (MACs). These financial documents convey the providers' costs associated with providing services to Medicare enrollees. MACs use the reports in determining the final amount owed providers for their cost reporting periods (the final settlements of the cost reports).
- MACs perform a mandatory desk review to determine the accuracy and reasonableness of the data contained in a provider's cost report. This process does not include detailed verification and is designed to identify issues that may warrant additional review in the form of an audit by the MAC.
- This audit assessed cost reports that one MAC, Wisconsin Physicians Service Government Health Administrators (WPS), reopened to correct final settlements. We performed this audit to determine whether any of the cost reports that WPS settled with a desk review only and then reopened to correct the final settlements contained obvious errors or were inconsistent with Medicare requirements.

What OIG Found

- Of the 15 cost reports that WPS settled with a desk review only and that WPS reopened to correct the final settlements, all of the associated desk reviews contained obvious errors or were inconsistent with Medicare requirements.
- WPS reported to us that errors in the 15 final settled cost reports were caused by a lack of effective controls and effective auditor training and by inadequate supervisory review.
- The 15 cost report reopenings resulted in corrected final settlements to providers totaling \$1.2 million in net overpayments.

What OIG Recommends

We recommend that WPS develop and provide additional education to desk reviewers and supervisors on applicable criteria and review requirements; and that WPS develop and implement enhanced procedures so that supervisors are better qualified to detect incorrect adjustments.

WPS agreed with both of our recommendations and described the corrective actions it had taken to address them.