REPORT HIGHLIGHTS

November 2025 | A-02-22-01017

Nearly All Skilled Nursing Services Provided by Pinnacle Multicare Nursing and Rehabilitation Center Did Not Meet Medicare Payment Requirements

Why OIG Did This Audit

- In October 2019, CMS implemented a new payment system for determining Medicare Part A payments for skilled nursing facilities (SNFs) known as the Patient Driven Payment Model (PDPM).
- Prior OIG audits found that skilled nursing services are susceptible to noncompliance with Medicare requirements, resulting in improper payments to SNFs.
- This audit is the first in a series of audits of SNFs that billed for skilled nursing services under the PDPM. Our audit determined whether Pinnacle Multicare Nursing and Rehabilitation Center's (Pinnacle's) claims for skilled nursing services were made in accordance with Medicare requirements.

What OIG Found

- Pinnacle did not comply with Medicare requirements for 99 of 100 sampled claims, resulting in overpayments totaling $1.1 million, for skilled nursing services provided during calendar years 2020 and 2021. As a result, we estimated that Pinnacle received Medicare overpayments of at least $31.2 million.
- Pinnacle incorrectly billed Medicare for skilled nursing services (1) when the medical record did not support that the associated individual was assigned the correct reimbursement rate code, (2) provided to individuals who did not require skilled nursing services, and (3) that did not meet documentation requirements.
- The errors occurred because Pinnacle's clinical and billing staff did not always follow its procedures to properly assign reimbursement rate codes in accordance with Medicare requirements and provide sufficient clinical review to verify that enrollees required skilled nursing services. In addition, Pinnacle did not follow its procedures to ensure that it always complied with Medicare documentation requirements.

What OIG Recommends

We made three recommendations to Pinnacle, including that it refund to the Medicare program $31.2 million for skilled nursing services claims that did not meet Medicare requirements, consider conducting one or more internal audits or investigations for claims before and after our audit period, and provide additional training to its clinical and billing personnel on its procedures to properly claim skilled nursing services. The full recommendations are in the report. Pinnacle did not concur with any of our recommendations.