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Medicare Advantage Compliance Audit of Specific Diagnosis Codes That Blue Cross and Blue Shield of Alabama (Contract H0104) 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 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 of Blue Cross and Blue Shield of Alabama (BCBSAL) 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

Most of the selected diagnosis codes that BCBSAL submitted to CMS for use in CMS's risk adjustment program did not comply with Federal requirements.

- For 247 of the 271 sampled enrollee-years, medical records did not support the diagnosis codes and resulted in $769,195 in overpayments.
- On the basis of our sample results, we estimated that BCBSAL received at least $7 million in overpayments for 2018 and 2019.

As demonstrated by the errors found in our sample, BCBSAL'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 recommend that BCBSAL:

1. refund to the Federal Government the $7 million of estimated overpayments;
2. identify, for the high-risk diagnoses included in this report, similar instances of noncompliance that occurred after our audit period and refund any resulting overpayments to the Federal Government; and
3. enhance its examination of its existing compliance procedures to identify areas where improvements can be made to ensure that diagnoses 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.

BCBSAL did not concur with some of our findings and requested that we reconsider all of our recommendations.