Report in Brief
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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

Medicare Home Health Agency Provider Compliance Audit: Southeastern Home Health Services

Why OIG Did This Audit

Under the home health prospective payment system (PPS), the Centers for Medicare & Medicaid Services pays home health agencies (HHAs) a standardized payment for each 60-day episode of care that a beneficiary receives. The PPS payment covers part-time or intermittent skilled nursing care and home health aide visits, therapy (physical, occupational, and speech-language pathology), medical social services, and medical supplies.

Our prior audits of home health services identified significant overpayments to HHAs. These overpayments were largely the result of HHAs improperly billing for services to beneficiaries who were not confined to the home (homebound) or were not in need of skilled services.

Our objective was to determine whether Southeastern Home Health Services (Southeastern) complied with Medicare requirements for billing home health services on selected types of claims.

How OIG Did This Audit

We selected a stratified random sample of 100 home health claims and submitted these claims to an independent medical review contractor to determine whether the services met coverage, medical necessity, and coding requirements.

What OIG Found

Southeastern did not comply with Medicare billing requirements for 18 of the 100 home health claims that we reviewed. For these claims, Southeastern received overpayments of $46,404 for services provided in calendar years 2015 and 2016. Specifically, Southeastern incorrectly billed Medicare for: (1) services provided to beneficiaries who were not homebound, (2) services provided to beneficiaries who did not require skilled services, and (3) claims that were assigned with incorrect Health Insurance Prospective Payment System (HIPPS) codes. On the basis of our sample results, we estimated that Southeastern received overpayments of at least $1.8 million for our audit period. All 100 claims within our sample are outside of the Medicare 4-year claim-reopening period.

What OIG Recommends and Southeastern's Comments

We recommend that Southeastern exercise reasonable diligence to identify, report, and return any overpayments in accordance with the 60-day rule and identify any of those returned overpayments as having been made in accordance with this recommendation. We also recommend that Southeastern strengthen its procedures to ensure that: (1) the homebound statuses of Medicare beneficiaries are verified and continually monitored and the specific factors qualifying beneficiaries as homebound are documented, (2) beneficiaries are receiving only reasonable and necessary skilled services, and (3) the correct HIPPS payment codes are billed.

In written comments on our draft report, Southeastern stated that it did not agree with the findings of our independent medical review contractor and therefore did not concur with our recommendations. Specifically, Southeastern stated that our draft report contained numerous and significant legal and factual errors. Southeastern stated that the majority of those errors were related to the misapplication and misinterpretation of Medicare's homebound and skilled need requirements. To address these concerns, we had our independent medical review contractor review Southeastern's written comments as well as the claim-by-claim rebuttal and additional medical records. Based on the results of that review, we reduced the sampled claims incorrectly billed from 29 to 18 and revised the related findings and recommendations. We maintain that our remaining findings and recommendations, as revised, are valid.