Why OIG Did This Review

Nutritional Marasmus and other/unspecified severe protein-calorie malnutrition are two types of severe malnutrition listed in the International Classification of Diseases, Clinical Modification. Previous OIG reviews have determined that hospitals incorrectly billed for Kwashiorkor, a third type of severe malnutrition. Nutritional Marasmus and other/unspecified severe protein-calorie malnutrition are each classified as a type of major complication or comorbidity (MCC). Adding MCCs to a Medicare claim can result in a higher Medicare payment.

Our objective was to determine whether the University of Wisconsin Hospitals and Clinics Authority (the Hospital) complied with Medicare billing requirements when billing for Nutritional Marasmus and other/unspecified severe protein-calorie malnutrition.

How OIG Did This Review

Our audit covered $9,569,586 in Medicare payments for the 497 claims submitted by the Hospital from 2014 through 2016 that contained a severe malnutrition diagnosis code for which removing the code changed the diagnosis-related group (DRG). We selected for review a random sample of 100 claims totaling $1,796,325. We evaluated compliance with selected billing requirements and subjected the 100 claims to medical and coding review to determine whether the services were medically necessary and properly coded and billed.

University of Wisconsin Hospitals and Clinics Authority Incorrectly Billed Medicare Inpatient Claims With Severe Malnutrition

What OIG Found

The Hospital complied with Medicare billing requirements for severe malnutrition diagnosis codes for 10 of the 100 claims that we reviewed. However, the Hospital did not comply with Medicare billing requirements for the remaining 90 claims. For two of these claims, the medical record documentation supported a secondary diagnosis code other than a severe malnutrition diagnosis code, but the error resulted in no change to the DRG or payment. For the remaining 88 claims, the billing errors resulted in net overpayments of $562,361. These errors occurred because the Hospital used severe malnutrition diagnosis codes when it should have used codes for other forms of malnutrition or no malnutrition diagnosis code at all. For these claims, the Hospital-provided medical record documentation did not contain evidence that the malnutrition was severe or that it had an effect on the treatment or the length of the hospital stay. On the basis of our sample results, we estimated that the Hospital received overpayments of at least $2,412,137 from 2014 through 2016.

What OIG Recommends and Hospital Comments

We recommend that the Hospital (1) refund to the Medicare program $2,412,137 for the incorrectly coded claims; (2) exercise reasonable diligence to identify and return any additional similar overpayments outside of our audit period, in accordance with the 60-day rule, and identify any returned overpayments as having been made in accordance with this recommendation; and (3) strengthen controls to ensure full compliance with Medicare billing requirements.

In written comments on our draft report, the Hospital partially disagreed with our first recommendation and disagreed with the other two recommendations. For 3 of the 88 claims for which there was a change in the DRG, the Hospital agreed that including a diagnosis code for severe malnutrition resulted in a billing error. However, the Hospital did not agree that the remaining 85 claims incorrectly included a diagnosis code for severe malnutrition. The Hospital also provided comments about the guidance and sampling methodology we used in the review and about standards for diagnosing severe malnutrition. We maintain that our findings and recommendations are valid for all 88 claims. We subjected all 100 sampled claims to medical review and stand by those medical necessity and coding determinations. We also maintain that the guidance used in the report is current and that our sample is representative of the sample frame.