Why OIG Did This Audit

Under the Medicare Advantage (MA) program, the Centers for Medicare & Medicaid Services (CMS) makes monthly payments to MA organizations according to a system of risk adjustment that depends on the health status of each enrollee. Accordingly, MA organizations are paid more for providing benefits to enrollees with diagnoses associated with more intensive use of health care resources than to healthier enrollees who would be expected to require fewer health care resources.

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.

For this audit, we reviewed one MA organization, Coventry Health Care of Missouri, Inc. (Coventry), and focused on six groups of high-risk diagnosis codes. Our objective was to determine whether selected diagnosis codes that Coventry submitted to CMS for use in CMS's risk adjustment program complied with Federal requirements.

How OIG Did This Audit

We judgmentally selected 275 unique enrollee-years with the high-risk diagnosis codes for which Coventry received higher payments for 2014 through 2016. We limited our review to the portions of the payments that were associated with these high-risk diagnosis codes, which totaled $701,593.

Medicare Advantage Compliance Audit of Specific Diagnosis Codes That Coventry Health Care of Missouri, Inc. (Contract H2663) Submitted to CMS

What OIG Found

Most of the selected diagnosis codes that Coventry submitted to CMS for use in CMS's risk adjustment program did not comply with Federal requirements. For 226 of the 275 enrollee-years, the diagnosis codes that Coventry submitted to CMS were not supported in the medical records.

These errors occurred because the policies and procedures that Coventry had to detect and correct noncompliance with CMS's program requirements, as mandated by Federal regulations, were not always effective. As a result, Coventry received $548,852 of net overpayments for 2014 through 2016.

What OIG Recommends and Coventry's Comments

We recommend that Coventry refund to the Federal Government the $548,852 of net overpayments; identify, for the diagnoses included in this report, similar instances of noncompliance that occurred during our audit period that we did not review and outside of our audit period and refund any resulting overpayments to the Federal Government; and enhance its compliance procedures to focus on diagnosis codes that are at high risk for being miscoded by: (1) educating its providers about the proper use and documentation of these diagnoses and (2) determining whether these diagnosis codes (when submitted to CMS for use in CMS's risk adjustment program) comply with Federal requirements.

Coventry agreed that most of the reviewed diagnosis codes were not supported by medical records and said that it had identified $542,541 to refund to the Federal Government. However, Coventry did not agree with the other findings associated with our first recommendation and submitted additional documentation for our consideration. Coventry did not agree with our other recommendations and said that our report contained a number of serious flaws that fundamentally undermined our audit methodology, findings, and recommendations. Coventry also stated that it had made enhancements to its compliance processes since our audit period, including provider education.

After reviewing Coventry's comments and the additional documentation that it provided, we revised the number of enrollee-years in error. We followed a reasonable audit methodology, properly executed our sampling methodology, and correctly applied applicable Federal requirements underlying the MA program. We revised the recommendation to refund overpayments from $584,005 (in our draft report) to $548,852 and slightly revised some of the language in our third recommendation.