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

Medicare Made Hundreds of Thousands of Dollars in Overpayments for Chronic Care Management Services

Why OIG Did This Audit

Effective January 1, 2015, the Centers for Medicare & Medicaid Services (CMS) established a policy for Medicare to pay under the Medicare Physician Fee Schedule (PFS) for chronic care management (CCM) services rendered to beneficiaries whose medical conditions meet certain criteria. Before that effective date, physicians did not have the ability to bill separately for typical non-face-to-face care management services provided to these beneficiaries. CCM payments are at a higher risk for overpayments compared with payments for more established Medicare services. CCM services are a relatively new category of Medicare-covered services and have multiple restrictions on when and how they can be billed.

Our objective was to determine whether physician and outpatient payments made by CMS for CCM services provided during calendar years (CYs) 2015 and 2016 complied with Federal requirements.

How OIG Did This Audit

We reviewed the Federal requirements for CCM services and CMS's internal controls specific to claims containing CCM services in effect for CYs 2015 and 2016. We reviewed all paid claims for CCM services for CYs 2015 and 2016 (totaling $103.5 million in physicians and outpatient facility claims) to determine whether CMS's controls prevented overpayments by denying unallowable payments.

What OIG Found

Physician and outpatient payments made by CMS for CCM services provided during CYs 2015 and 2016 did not always comply with Federal requirements, resulting in $640,452 in overpayments associated with 20,165 claims. We identified 14,078 claims that resulted in $436,877 in overpayments for instances in which providers or facilities billed CCM services more than once for the same beneficiaries for the same service period. We identified an additional 6,087 claims that resulted in $203,575 in overpayments for instances in which the same physician billed for both CCM services and overlapping care management services for the same beneficiaries. For these 20,165 claims, beneficiaries were overcharged a total of up to $173,495 in cost sharing.

Further, we identified 37,124 claims totaling $1.2 million in potential overpayments for instances in which a CCM service was billed by an outpatient facility but a corresponding claim was not submitted by a physician. We are setting aside these potential overpayments for review and determination by CMS. Additionally, for these 37,124 claims, beneficiaries may have been overcharged a total of up to $373,726 in cost sharing.

These errors occurred because CMS did not have adequate controls in place, including claim system edits, to identify and prevent overpayments.

What OIG Recommends

We recommend that CMS recoup $640,452 from providers and instruct providers to refund overcharges totaling up to $173,495 to beneficiaries; review the 37,124 outpatient claims totaling $1.2 million in potential overpayments to determine whether the outpatient facilities met the requirement to bill for CCM services and recoup any overpayments from outpatient facilities and instruct the outpatient facilities to refund corresponding overcharges to beneficiaries; and implement claim processing controls, including system edits, to prevent and detect overpayments for CCM services.

CMS concurred with all of our recommendations and described corrective actions that it planned to take for the recovery of overpayments, the refund of amounts overcharged to beneficiaries, and the evaluation of the potential overpayments we identified. CMS also provided technical comments on our draft report, which we addressed as appropriate.