

Report in Brief

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



Why OIG Did This Audit

The Medicare hospice benefit allows providers to claim Medicare reimbursement for hospice services provided to individuals with a life expectancy of 6 months or less who have elected hospice care. Previous OIG audits and evaluations found that Medicare inappropriately paid for hospice services that did not meet certain Medicare requirements.

Our objective was to determine whether hospice services provided by Franciscan Hospice (Franciscan) complied with Medicare requirements.

How OIG Did This Audit

Our audit covered 21,537 claims for which Franciscan (located in University Place, Washington) received Medicare reimbursement of \$101.5 million for hospice services provided from January 1, 2016, through December 31, 2017. We reviewed a random sample of 100 claims. We evaluated compliance with selected Medicare billing requirements and submitted these sampled claims and the associated medical records to an independent medical review contractor to determine whether the services met coverage, medical necessity, and coding requirements.

Medicare Hospice Provider Compliance Audit: Franciscan Hospice

What OIG Found

Franciscan received Medicare reimbursement for hospice services that did not comply with Medicare requirements. Of the 100 hospice claims in our sample, 79 claims complied with Medicare requirements. However, the remaining 21 claims did not comply with the requirements. Specifically, for 19 claims, the clinical record did not support the beneficiary's terminal prognosis, and for the remaining 2 claims, there was no documentation to support the hospice services that Franciscan billed to Medicare.

Improper payment of these claims occurred because Franciscan's policies and procedures were not effective in ensuring that the clinical documentation it maintained supported the terminal illness prognosis and the hospice services billed to Medicare. On the basis of our sample results, we estimated that Franciscan received at least \$13 million in unallowable Medicare reimbursement for hospice services.

What OIG Recommends and Franciscan Comments

We recommend that Franciscan: (1) refund to the Federal Government the portion of the estimated \$13 million for hospice services that did not comply with Medicare requirements and that are within the 4-year reopening period; (2) based upon the results of this audit, 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; and (3) strengthen its policies and procedures to ensure that hospice services comply with Medicare requirements.

In written comments on our draft report, Franciscan disagreed with our findings for 12 of the 19 sampled claims for which the clinical record did not support the beneficiary's terminal prognosis and said that a physician's clinical judgment is fundamental in determining that prognosis. Franciscan also disagreed with our use of extrapolation across the audit period. Franciscan agreed with our second recommendation and disagreed with our first and third recommendations.

After reviewing Franciscan's comments, we maintain that our findings and recommendations are valid. Federal regulations require that clinical information and other documentation support the beneficiary's terminal prognosis and be filed in the medical records. The report contains the details of our response.