

Report in Brief

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



Why OIG Did This Audit

Prior OIG audits found that hospitals did not fully comply with Medicare requirements for inpatient claims paid with certain Medicare Severity Diagnosis-Related Groups (MS-DRGs) that required enrollees to have received 96 or more consecutive hours (i.e., 4 days or more) of mechanical ventilation. An inpatient claim for mechanical ventilation includes the date that a mechanical ventilation procedure started but does not indicate when it ended. CMS implemented an automated process to identify claims that had a mechanical ventilation start date that was 4 days or fewer before an enrollee's discharge from a hospital. Consequently, we conducted this audit to evaluate whether claims reporting a mechanical ventilation start date that was 5 to 10 days before the enrollee discharge date were at risk for billing errors.

Our objective was to determine whether Medicare payments to hospitals for inpatient claims with certain MS-DRGs that required more than 96 consecutive hours of mechanical ventilation complied with Medicare requirements.

How OIG Did This Audit

Our audit covered \$3.6 billion in payments for 83,359 inpatient claims that had dates of service from October 2015 through September 2021 (audit period), were assigned MS-DRGs 207 or 870, and had a mechanical ventilation start date from 5 to 10 days before the enrollee discharge date. We selected for review a stratified random sample of 250 claims with payments totaling \$11 million.

Medicare Improperly Paid Hospitals an Estimated \$79 Million for Enrollees Who Had Received Mechanical Ventilation

What OIG Found

Medicare payments to hospitals for inpatient claims with certain MS-DRGs that required more than 96 consecutive hours of mechanical ventilation did not fully comply with Medicare requirements. For 233 of 250 sampled claims, Medicare payments to hospitals complied with requirements. However, for the 17 remaining sampled claims, Medicare payments to hospitals did not comply with requirements. Specifically, hospitals used incorrect procedure or diagnosis codes. For eight sampled claims, hospitals incorrectly used the procedure code for more than 96 hours of mechanical ventilation when enrollees had not received more than 96 hours of mechanical ventilation. For nine sampled claims, hospitals used incorrect diagnosis codes or incorrectly used a procedure code that was not related to mechanical ventilation. Consequently, the 17 sampled claims were assigned incorrectly to MS-DRGs 207 or 870, resulting in \$382,032 of overpayments.

On the basis of our sample results, we estimated that Medicare improperly paid hospitals \$79.4 million for our audit period. Hospitals confirmed that they used incorrect procedure or diagnosis codes and generally attributed the improper billing to incorrectly counting the hours that enrollees had received mechanical ventilation or to clerical errors in selecting procedure or diagnosis codes.

What OIG Recommends and CMS Comments

We recommend that CMS: (1) direct the Medicare Administrative Contractors (MACs) to recover from hospitals the portion of the \$382,032 in identified overpayments for the sampled claims during our audit period that are within the 4-year reopening period in accordance with CMS's policies and procedures; and (2) educate hospitals on correctly counting the hours of mechanical ventilation and submitting claims with correct procedure and diagnosis codes, which could have saved an estimated \$79.4 million for our audit period.

CMS concurred with both of our recommendations and described actions that it planned to take to address them. Specifically, CMS stated that it will direct its MACs to recover the identified overpayments and will continue to educate providers to reinforce requirements for billing mechanical ventilation.