

Report in Brief

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



Why OIG Did This Review

Medicare Part B provides for the coverage of outpatient therapy services, including occupational, physical, and speech therapy. Previous OIG reports identified unallowable claims for these services. Fox Rehabilitation (Fox), headquartered in New Jersey, was among the largest providers of outpatient therapy services in the country.

Our objective was to determine whether claims for outpatient therapy services provided in New Jersey and submitted for Medicare reimbursement by Fox complied with Medicare requirements.

How OIG Did This Review

Our review covered Medicare Part B claims for outpatient therapy services provided by Fox in New Jersey from July 2013 through June 2015, totaling \$39.7 million. We had medical reviewers, consisting of physicians and certified billing professionals, review a random sample of 100 of these claims to determine whether services complied with Medicare medical necessity, documentation, and coding requirements.

Fox Rehabilitation Claimed Unallowable Medicare Reimbursement for Outpatient Therapy Services

What OIG Found

For 85 of the 100 claims in our random sample, Fox improperly claimed Medicare reimbursement for outpatient therapy services. Based on medical review, we determined that all 85 claims had services that were not medically necessary. For nearly all of these claims, the amount, frequency, and duration of services were not reasonable and consistent with acceptable standards of practice. Further, some services did not require the skills of a licensed therapist or were not an effective treatment for the Medicare beneficiary's condition. This occurred because Fox did not follow its policies and procedures to ensure that services complied with Medicare requirements.

On the basis of our sample results, we estimated that Fox improperly received at least \$29.9 million in Medicare reimbursement for services that did not comply with certain Medicare requirements.

What OIG Recommends and Fox Rehabilitation Comments

We recommend that Fox refund \$29.9 million to the Federal Government and ensure that outpatient therapy services are provided and documented in accordance with Medicare requirements.

Fox disagreed with our findings and recommendations, our use of statistical sampling, and our sampling methodology. Fox stated that its internal compliance program ensures that outpatient therapy services are provided and documented in accordance with Medicare requirements. After reviewing Fox's comments, we maintain that our findings and recommendations are valid. We obtained independent medical review of the claims for medical necessity, documentation, and coding errors. Additionally, Federal courts have consistently upheld statistical sampling and estimation as a valid means to determine overpayment amounts in Medicare.