July 8, 2010

Report Number:  A-05-09-00104

Ms. Regina Favors
President and Chief Executive Officer
Pinnacle Business Solutions, Inc.
515 West Pershing Boulevard
North Little Rock, AR  72114

Dear Ms. Favors:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled Review of TriSpan Health Services, Inc., Medicare Payments to Providers Terminated Between January 1, 2003, and January 31, 2007. We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.


If you have any questions or comments about this report, please do not hesitate to call me, or contact David Markulin, Audit Manager, at (312) 353-1644 or through email at David.Markulin@oig.hhs.gov. Please refer to report number A-05-09-00104 in all correspondence.

Sincerely,

/James C. Cox/
Regional Inspector General
for Audit Services

Enclosure
Direct Reply to HHS Action Official:

Ms. Nanette Foster Reilly  
Consortium Administrator  
Consortium for Financial Management & Fee for Service Operations  
Centers for Medicare & Medicaid Services  
601 East 12th Street, Room 235  
Kansas City, MO  64106
REVIEW OF TRISPAN HEALTH SERVICES, INC., MEDICARE PAYMENTS TO PROVIDERS TERMINATED BETWEEN JANUARY 1, 2003, AND JANUARY 31, 2007
Office of Inspector General
http://oig.hhs.gov

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The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

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Department of Health & Human Services
OFFICE OF
INSPECTOR GENERAL

REVIEW OF TRISPAN HEALTH SERVICES, INC., MEDICARE PAYMENTS TO PROVIDERS TERMINATED BETWEEN JANUARY 1, 2003, AND JANUARY 31, 2007

Daniel R. Levinson
Inspector General

July 2010
A-05-09-00104
Notices

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at http://oig.hhs.gov

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site.

OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.
EXECUTIVE SUMMARY

BACKGROUND

Pursuant to Title XVIII of the Social Security Act (the Act), the Medicare program provides health insurance for people aged 65 and over and those who are disabled or have permanent kidney disease. The Centers for Medicare & Medicaid Services (CMS), which administers the program, uses Medicare contractors, such as fiscal intermediaries (FI), to process and pay Medicare claims submitted by health care providers. Section 911 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, P.L. No. 108-173, which became effective on October 1, 2005, amended certain sections of the Act to require that Medicare administrative contractors (MAC) replace FIs and carriers by October 2011.

Medicare contractors, such as FIs and MACs, must comply with Medicare laws, regulations, and guidance, including provisions for processing payments to terminated Medicare providers. Section 1866(b) of the Act provides for the termination of provider agreements, which set forth the terms and conditions for participation in the Medicare program. Sections 1814(a) and 1866 of the Act generally do not allow payment for services provided on or after an agreement’s termination date. The Medicare Financial Management Manual, Pub. No. 100-06, chapter 7, requires Medicare contractors to maintain internal controls to prevent erroneous payments; chapter 3 requires Medicare contractors to pursue recovery of overpayments, including those made to terminated Medicare providers.

TriSpan Health Services, Inc. (TriSpan) was the Louisiana and Mississippi FI during our audit period (January 1, 2003, through January 31, 2007). In October 2009, the Louisiana and Mississippi FI workload was reassigned to Pinnacle Business Solutions, Inc. (Pinnacle); therefore, we are issuing our report to Pinnacle. CMS is currently taking corrective action on the MAC contract award for the administration of Medicare Part A and Part B claims in Jurisdiction 7, which includes Louisiana and Mississippi.

OBJECTIVE

Our objective was to determine whether TriSpan recovered Medicare overpayments for services furnished on or after the effective termination dates of provider agreements.

SUMMARY OF FINDING

TriSpan did not always recover Medicare overpayments for services furnished on or after the effective termination dates of provider agreements. For 141 of the 145 terminated providers whose payments we reviewed, TriSpan had not made material overpayments that were subject to recovery as of the start of our audit. However, for the four remaining providers, TriSpan had not recovered a total of $124,768 in overpayments that were subject to recovery. TriSpan had not recovered the overpayments because it did not follow its procedures to retroactively identify payments for posttermination services. Both TriSpan and Pinnacle confirmed that the overpayments were subject to recovery.
RECOMMENDATION

We recommend that Pinnacle recover $124,768 in overpayments to the four terminated providers.

PINNACLE BUSINESS SOLUTIONS, INC., COMMENTS

In written comments to our draft report, Pinnacle agreed with our recommendation and provided information on the status of its recovery efforts. Pinnacle’s comments are included in their entirety as the Appendix.
INTRODUCTION

BACKGROUND

Medicare Program

Pursuant to Title XVIII of the Social Security Act (the Act), the Medicare program provides health insurance for people aged 65 and over and those who are disabled or have permanent kidney disease. The Centers for Medicare & Medicaid Services (CMS), which administers the program, uses Medicare contractors, such as fiscal intermediaries (FI), to process and pay Medicare claims submitted by health care providers. Section 911 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, P.L. No. 108-173, which became effective on October 1, 2005, amended certain sections of the Act to require that Medicare administrative contractors (MAC) replace FIs and carriers by October 2011.

Medicare Payment Requirements

Medicare contractors, such as FIs and MACs, must comply with Medicare laws, regulations, and guidance, including provisions for processing payments to terminated Medicare providers. Section 1866(b) of the Act provides for the termination of provider agreements, which set forth the terms and conditions for participation in the Medicare program. Sections 1814(a) and 1866 of the Act generally do not allow payment for services provided on or after an agreement’s termination date. The Medicare Financial Management Manual, Pub. No. 100-06, chapter 7, requires Medicare contractors to maintain internal controls to prevent erroneous payments; chapter 3 requires Medicare contractors to pursue recovery of overpayments, including those made to terminated Medicare providers.

TriSpan Health Services, Inc. and Pinnacle Business Solutions, Inc.

TriSpan Health Services, Inc. (TriSpan) was the Louisiana and Mississippi FI during our audit period (January 1, 2003, through January 31, 2007). In October 2009, the Louisiana and Mississippi FI workload was reassigned to Pinnacle Business Solutions, Inc. (Pinnacle); therefore, we are issuing our report to Pinnacle. CMS is currently taking corrective action on the MAC contract award for the administration of Medicare Part A and Part B claims in Jurisdiction 7, which includes Louisiana and Mississippi.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether TriSpan recovered Medicare overpayments for services furnished on or after the effective termination dates of provider agreements.
Scope

We reviewed TriSpan payments to 145 providers with effective termination dates between January 1, 2003, and January 31, 2007. The reviewed payments were for services furnished on or after the providers’ effective termination dates. We limited our review of internal controls to discussing with TriSpan officials the procedures used to retroactively identify and recover the overpayments identified during our review.

Our fieldwork included contacting TriSpan in Flowood, Mississippi, and Pinnacle in North Little Rock, Arkansas.

Methodology

To accomplish our objective, we:

- used a CMS nationwide list of providers with effective termination dates during the audit period to query the National Claims History files;
- identified 145 TriSpan-serviced providers that received Medicare payments for services furnished during or after our audit period;
- analyzed CMS, National Claims History, and TriSpan data and identified four providers that each received $5,000 or more in overpayments for services furnished on or after the providers’ effective termination dates; and
- worked with TriSpan and Pinnacle to quantify the overpayments that were subject to recovery as of the start of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

FINDING AND RECOMMENDATION

TriSpan did not always recover Medicare overpayments for services furnished on or after the effective termination dates of provider agreements. For 141 of the 145 terminated providers whose payments we reviewed, TriSpan had not made material overpayments that were subject to recovery as of the start of our audit. However, for the four remaining providers, TriSpan had not recovered a total of $124,768 in overpayments that were subject to recovery. TriSpan had not recovered the overpayments because it did not follow its procedures to retroactively identify payments for posttermination services. Both TriSpan and Pinnacle confirmed that the overpayments were subject to recovery.
FEDERAL REQUIREMENTS

Section 1814(a) of the Act provides that “payment for services furnished an individual may be made only to providers of services which are eligible therefor under section 1866 [which sets forth the requirements for provider agreements]. . . .” Pursuant to section 1866(b)(2) of the Act and 42 CFR §§ 489.53 and 489.54, CMS or the Office of Inspector General may terminate a provider agreement for cause. Additionally, section 1866(b)(1) of the Act and 42 CFR § 489.52 permit a Medicare provider to voluntarily terminate its provider agreement. Except in certain limited circumstances considered during this audit, such as those described in 42 CFR § 489.55, no Medicare payment is available for services furnished to a beneficiary on or after the effective date of termination of a provider agreement.

The Medicare Financial Management Manual, Pub. No. 100-06, chapter 7, requires Medicare contractors to maintain internal controls to prevent and detect erroneous payments; chapter 3 requires Medicare contractors to pursue recovery of overpayments.

OVERPAYMENTS NOT RECOVERED

As of the start of our audit, TriSpan had not recovered Medicare overpayments to four providers for services furnished on or after the providers’ effective termination dates. The table below shows the number of unallowable claims and the overpayment amount for each provider. Both TriSpan and Pinnacle confirmed that these overpayments were subject to recovery.

<table>
<thead>
<tr>
<th>Provider</th>
<th>Unallowable Claims</th>
<th>Overpayments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>23</td>
<td>$83,913</td>
</tr>
<tr>
<td>B</td>
<td>7</td>
<td>18,198</td>
</tr>
<tr>
<td>C</td>
<td>28</td>
<td>15,272</td>
</tr>
<tr>
<td>D</td>
<td>32</td>
<td>7,385</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>$124,768</strong></td>
</tr>
</tbody>
</table>

TriSpan had not recovered the overpayments before our audit because it did not follow its procedures to retroactively identify the payments.

RECOMMENDATION

We recommend that Pinnacle recover $124,768 in overpayments to the four terminated providers.

PINNACLE BUSINESS SOLUTIONS, INC., COMMENTS

In written comments to our draft report, Pinnacle agreed with our recommendation and provided information on the status of its recovery efforts. Pinnacle’s comments are included in their entirety as the Appendix.
APPENDIX
APPENDIX: PINNACLE BUSINESS SOLUTIONS, INC., COMMENTS

June 18, 2010

Mr. James C. Cox
Regional Inspector General for Audit Services
Office of Inspector General
Office of Audit Services, Region V
233 North Michigan Avenue, Suite 1360
Chicago, IL 60601

Subject: Report Number A-05-09-00104

Dear Mr. Cox:

We have reviewed the findings and recommendations based on your review of Medicare payments to providers terminated between January 1, 2003, and January 31, 2007 in the draft report dated May 21, 2010. We offer the following comments to the findings and recommendations identified in the draft report.

Based on our review, it is evident that TriSpan had procedures in place to identify payments for services furnished to providers after the effective date of termination; however, weaknesses were identified in their processes that allowed several providers to be paid for services for dates on or after termination. Moreover, the Centers for Medicare and Medicare Services may issue the notice of the termination of the provider agreement many months after a provider has terminated from the Medicare program, adding significantly to the contractor’s burden in preventing payment of such services. Regardless, Pinnacle Business Solutions, Inc., as the current Fiscal Intermediary for the former TriSpan providers, is taking actions to ensure that its policies, procedures and controls are effective in preventing and detecting payments for services on or after a provider’s termination.
As you requested in the transmittal letter to the draft report, we are submitting the comments below in response to your findings and recommendations. The following details actions that were taken for each provider identified in the table of the draft report prior to the completion of the audit, as well as planned future actions to implement recommendations:

**Finding 1:** Provider A, 23 Unallowable Claims, Overpayment Amount - $83,913

**Response:** TriSpan canceled five of the 23 claims and recovered them from the provider on May 24, 2008. Therefore, a total of $14,229 has been collected and the remaining overpayment amount is $69,684.00. Several attempts were made to cancel the remaining 18 claims; however, as a result of a technical problem with the retrieval of old claims offline from Fiscal Intermediary Standard System (FISS), TriSpan was not successful with canceling those claims. Pinnacle is still waiting on resolution of the problem in FISS that will allow the retrieval and canceling of the claims for recovery of the overpayment.

**Finding 2:** Provider B, 7 Unallowable Claims, Overpayment Amount - $18,198

**Response:** TriSpan canceled six of the seven claims and collected the overpayment via a check from the provider on July 29, 2009. Therefore, a total of $15,605.70 has been collected and the remaining overpayment amount is $2,592.58. Pinnacle will cancel and recover the overpayment on the one additional claim.

**Finding 3:** Provider C, 28 Unallowable Claims, Overpayment Amount - $15,272

**Response:** TriSpan canceled 27 of the 28 claims and recovered them on June 10, 2009. Therefore, a total of $15,004 has been collected and the remaining overpayment amount is $267.20. Several attempts were made to cancel the remaining claim; however, as a result of a technical problem with the retrieval of old claims offline from Fiscal Intermediary Standard System (FISS), TriSpan was not successful with canceling the claim. Pinnacle is still waiting on resolution of the problem in FISS that will allow the retrieval and canceling of the claims for recovery of the overpayment.

**Finding 4:** Provider D, 32 Unallowable Claims, Overpayment Amount - $7,385

**Response:** TriSpan canceled 30 of the 32 claims and demanded the overpayment from the provider. Efforts to collect the overpayment from the provider have had little success. TriSpan referred the overpayment to Treasury through the debt collection system and received approval to classify the overpayment as currently not collectible as of June 1, 2009. Several attempts were made to cancel the remaining two claims; however, as a result of a technical problem with the retrieval of old claims offline from Fiscal Intermediary Standard System (FISS), TriSpan was not successful with canceling the claims. Pinnacle is still waiting on resolution of the problem in FISS that will allow the retrieval and canceling of the claims for recovery of the overpayment.
We concur with your recommendation that Pinnacle recover the overpayments to the four terminated providers. As noted in our responses above, $44,839 has already been collected and as soon as the claims are available from the offline system, Pinnacle will take action to cancel any remaining claims and recover the overpayment amount of $79,929 through our established collection process.

Thank you for the opportunity to offer comments on the draft findings and recommendations. If you have any questions about this matter or require additional information, please contact Amanda Crosby in our Provider Audit and Reimbursement office at (501)-918-7469.

Sincerely,

[Signature]

RHF