

Report in Brief

Date: June 2021

Report No. A-09-20-03035

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 Northwest Hospice, LLC (NW Hospice), complied with Medicare requirements.

How OIG Did This Audit

Our audit covered 6,864 claims for which NW Hospice (located in Tigard, Oregon) received Medicare reimbursement of \$31.5 million for hospice services provided from June 1, 2016, through May 31, 2018. 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: Northwest Hospice, LLC

What OIG Found

NW Hospice received Medicare reimbursement for hospice services that did not comply with Medicare requirements. Of the 100 hospice claims in our sample, 81 claims complied with Medicare requirements. However, for the remaining 19 claims, the clinical record did not support the beneficiary's terminal prognosis. Improper payment of these claims occurred because NW Hospice's policies and procedures were not effective in ensuring that the clinical documentation it maintained supported the terminal illness prognosis. On the basis of our sample results, we estimated that NW Hospice received at least \$3.9 million in unallowable Medicare reimbursement for hospice services.

What OIG Recommends and NW Hospice Comments

We recommend that NW Hospice: (1) refund to the Federal Government the portion of the estimated \$3.9 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 (3) strengthen its policies and procedures to ensure that hospice services comply with Medicare requirements.

In written comments on our draft report, NW Hospice, through its attorney, stated that it concurred with the conclusion of our independent medical review contractor with respect to 7 of the 19 sampled claims we questioned but disagreed with our contractor's determinations for the remaining 12 sampled claims. Specifically, NW Hospice stated that: (1) the beneficiaries were discharged from hospice the same month or the month following our contractor's determination of ineligibility (six claims) and (2) the licensed physician it hired determined that the beneficiaries were eligible for hospice services (six claims). NW Hospice did not explicitly concur or nonconcur with our recommendations; however, regarding our first recommendation, it agreed to take appropriate action to refund payments for services determined not to have complied with Medicare requirements and provided information on actions that it had taken or planned to take to address our second and third recommendations.

After reviewing NW Hospice's comments, we maintain that our finding and recommendations are valid. We maintain that the medical records for each of the 19 sampled claims we questioned did not support the associated beneficiary's terminal prognosis.