



OIG Workplan Series Installment One – What Does the OIG’s 2016 Work Plan Mean for Hospitals?

Sara M. Lord

The Department of Health and Human Services’ Office of Inspector General (“OIG”) recently released its 2016 Work Plan. The Work Plan may offer evidence of a growing shift in the agency’s priorities, particularly with regard to hospitals. While the overall number of hospital-focused audits and reviews remains large, it is notable that the majority of the OIG’s hospital projects were initiated in 2014 or 2015, with very few “new” projects proposed for 2016. Whether this is because of the increased obligations imposed on the OIG under the Affordable Care Act or because of other resource constraints, it does suggest that the OIG may be consolidating its work in general.

As the OIG stated in the Introduction to the Work Plan, “In fiscal year (FY) 2016 and beyond, OIG will expand its focus on delivery system reform and the effectiveness of alternate payment models, coordinated care programs, and value-based purchasing.” The agency’s mandate includes bringing down healthcare costs, and its projects continue to reflect an emphasis on reining in costs, comparing costs claimed across the industry, and avoiding duplicate payments.

Very Few “New” Hospital Projects

For hospitals in particular, the only new projects announced by the OIG are targeted toward payments. Specifically, the OIG will focus on determining whether payments have been made in accordance with relevant regulations. These new projects include:

- Reviewing Medicare payments to acute care hospitals to determine whether certain outpatient claims billed to Medicare Part B for services provided during inpatient stays were allowable and in accordance with the inpatient prospective payment system;
- Determining the extent to which CMS validated hospital inpatient quality reporting data, which is used for the hospital value-based purchasing program and the hospital acquired condition reduction program; and

Examining Medicare payments for replaced medical devices.

- Greater Focus on Existing Projects Expected to be Completed in 2016

The vast majority of the OIG’s hospital projects were initiated in previous Work Plans and are expected to be completed or actively pursued in 2016. These previous projects focus on the accuracy of hospitals’ cost reporting, including wage and salary information, medical education payments, and outlier payments. These projects include:

- Reviewing Medicare outlier payments to hospitals to determine whether CMS performed necessary reconciliations in a timely manner to enable Medicare contractors to perform final settlement of the hospitals’ associated cost reports, and also determining whether the Medicare contractors referred all hospitals that meet the criteria for outlier reconciliations to CMS;
- Analyzing salary data from Medicare cost reports and hospitals to identify salary amounts included in operating costs reported to and reimbursed by Medicare;

- Reviewing hospitals' reporting of wage data used to calculate wage indexes for Medicare payments;
- Determining whether hospitals received duplicate or excessive graduate medical education (GME) payments; and
- Determining whether hospitals' indirect medical education (IME) payments were calculated properly and made in accordance with federal regulations and guidelines.

In focusing on payments, the OIG continues to review claims for specific types of hospital care. Hospitals are advised to review their own practices and billings for claims related to these services or care. Areas of particular interest to the OIG include:

- Costs associated with defective medical devices, particularly including the costs to Medicare, resulting from additional use of medical services associated with defective medical devices;
- Claims for mechanical ventilation, specifically focusing on whether hospitals' DRG assignments were properly made for patients who received over 96 hours of mechanical ventilation;
- Claims for cardiac catheterizations and endomyocardial biopsies, determining whether hospitals complied with Medicare billing requirements for right heart catheterizations and endomyocardial biopsies billed during the same operative session;
- Claims for patients diagnosed with kwashiorkor, including whether the diagnoses were adequately supported by documentation in the medical record;
- Claims for bone marrow or stem cell transplants, specifically whether the payments were made in accordance with federal rules and regulations; and
- Claims for intensity-modulated radiation therapy, reviewing Medicare outpatient payments, including whether hospitals billed for certain services that were performed as part of developing an IMRT plan.

The OIG also continues to focus on existing projects related to post-acute care, particularly with respect to quality of care issues in independent rehabilitation facilities (IRFs) and long-term care hospitals. For both types of facilities, the OIG has been engaged in estimating the national incidence of adverse and temporary harm events for Medicare beneficiaries by identifying factors contributing to these events, determining the extent to which they were preventable, and estimating the associated costs to Medicare.

Finally, the OIG will continue to examine hospitals' responses and practices to statutory policies. These projects include:

- Reviewing how hospitals' use of outpatient and inpatient stays changed under Medicare's two midnight rule;
- Determining the number of provider-based facilities that hospitals own and the extent to which CMS has methods to oversee provider-based billing; and
- Examining and comparing Medicare payments for physician office visits in provider-based clinics and freestanding clinics to determine the difference in payments made to the clinics for similar procedures, as part of a project to assess the potential impact on Medicare of hospitals' claiming provider-based status for such facilities.

While the relative lack of new hospital-focused projects is interesting, it is also clear that the OIG will complete and publish a considerable number of reports concerning hospitals in 2016. Since the OIG's findings in these reports often furnish the bases for further government investigation, hospitals should prepare for, and expect, continuing scrutiny in these areas.

Authors and Contributors

Sara M. Lord

Partner, DC Office
202.677.4054
sara.lord@agg.com

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Atlanta Office

171 17th Street, NW
Suite 2100
Atlanta, GA 30363

Washington, DC Office

1775 Pennsylvania Avenue, NW
Suite 1000
Washington, DC 20006

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