

## Insights

### The OIG Issues Report on NorthShore University HealthSystem's Medicare Compliance

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January 23, 2017

On January 9, 2017, the Office of Inspector General for the Department of Health and Human Services (the "OIG") released a thirty-two page report detailing its review of NorthShore University HealthSystem's ("NorthShore") Medicare compliance during 2013 and 2014, as part of a series of hospital compliance reviews. The OIG sampled 190 inpatient and outpatient claims submitted to Medicare by NorthShore during the audit period to determine whether NorthShore complied with Medicare billing requirements. Through the review of the sampled claims, the OIG determined that NorthShore complied with Medicare billing requirements for 97 of the 190 claims. However, NorthShore did not comply with Medicare billing requirements for the remaining 93 claims and received nearly \$625,000 in overpayments as a result of those claims during the audit period.

The OIG determined that 46 of the 93 improperly billed claims were inpatient claims that resulted in \$496,366 in overpayments to NorthShore during the audit period. Specifically, the OIG found that 29 of those inpatient claims incorrectly billed Medicare Part A for beneficiary stays that did not meet the billing criteria for acute inpatient rehabilitation services and resulted in \$446,297 in overpayments to NorthShore. The remaining 47 improperly billed claims were outpatient claims that resulted in overpayments of \$128,272. The most costly of those 47 improperly billed outpatient claims stemmed from NorthShore's failure to obtain a credit for a replaced medical device for which a credit was available under the manufacturer's warranty, resulting in \$121,405 in overpayments to NorthShore.

Based on the finding that 93 of the sampled claims were improperly billed and resulted in \$624,638 in overpayments to NorthShore, the OIG estimated that NorthShore received a total of at least \$4,110,073 in overpayments during the audit period. Therefore, the OIG recommends that NorthShore:

- "refund to the Medicare contractor \$4,110,073 (of which \$624,638 was overpayments identified in [the OIG's] sample) in estimated overpayments for incorrectly billed services;
- exercise reasonable diligence to identify and return any additional similar overpayments outside of [the] audit period, in accordance with the 60-day rule, and identify any returned overpayment as having been made in accordance with [the OIG's] recommendation; and
- strengthen controls to ensure full compliance with Medicare requirements."<sup>[1]</sup>

NorthShore agreed with 35 of the 93 claims identified by the OIG as improperly billed, but disagreed as to the other 58 claims identified by the OIG as improperly billed and with the OIG's statistical estimation of the overpayments in their comments to the OIG's review. However, the OIG reaffirmed its findings and recommendations after reviewing NorthShore's comments.





The entire Report may be accessed here. If you have any questions about this report or related compliance efforts, please contact your regular Krieg DeVault healthcare attorney.

[1] Department of Health and Human Services Office of Inspector General: Medicare Compliance Review of NorthShore University HealthSystem for 2013 and 2014, p.10 available at <https://oig.hhs.gov/oas/reports/region5/51400044.pdf>.