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◆ In a new Medicare compliance review,^[1] the HHS Office of Inspector General (OIG) said Northwest Medical Center, a 294-bed hospital in Tucson, Arizona, was overpaid \$201,624. OIG audited a stratified random sample of 100 claims from 2016 and 2017 and found errors on 20 of them. “On the basis of our sample results, we estimated that the Hospital received overpayments of at least \$1.2 million for the audit period,” OIG said. On the inpatient side, the hospital billed Medicare Part A for “beneficiary stays that did not meet Medicare criteria for acute inpatient rehabilitation” and for inpatient admissions that should have been outpatient or observation services, and made DRG coding errors, according to OIG. On the outpatient side, modifiers were incorrectly billed. Northwest Medical Center strongly disagreed with some of the findings. In a letter to OIG, the hospital contends OIG’s denial reasons for the inpatient rehab claims are inappropriate and challenges the premise of the inpatient claim reviews. “OIG’s physician reviewer appears to misunderstand the applicable Medicare standards by failing to frame the analysis in the context of the Two Midnight Rule or the Two Midnight Presumption. Rather than identifying the applicable standard as the Two Midnight Rule, OIG’s physician reviewer states that ‘inpatient care is indicated when a patient can only be safely be [sic] managed in an inpatient setting.’ That interpretation by the physician reviewer is decidedly not the applicable Two-Midnight Rule promulgated by CMS,” the hospital wrote.

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