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Health System Pays \$4.3M in Settlement Over Observation for Patients Discharged From ER

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In a case that captures many of the ways that billing for observation can go wrong, Sentara Healthcare has agreed to pay \$4.33 million in a civil monetary penalty settlement with the HHS Office of Inspector General (OIG). The settlement stemmed from a self-disclosure by Sentara, which owns hospitals, outpatient centers and other entities in Virginia and North Carolina.

According to the settlement, which was obtained through a Freedom of Information Act request, OIG alleges that Sentara billed Medicare, TRICARE, Veterans Affairs, and North Carolina Medicaid for items or services that weren't provided as claimed or were fraudulent. Specifically, from Jan. 1, 2014, through Dec. 16, 2019, Sentara submitted improper claims for observation services provided to patients discharged from the emergency rooms at 11 of its hospitals "when there was inadequate support for the medical necessity or reasonableness or for the amount of units, or when there was no physician order for the observation services provided," OIG alleged in the settlement.

The hospitals include Sentara Norfolk General Hospital, Sentara Williamsburg Regional Medical Center, Sentara Northern Virginia Medical Center and Sentara Virginia Beach General Hospital.

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