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Report on Medicare Compliance Volume 29, Number 9. March 09, 2020
OIG Audits Increase in Outlier Payments, Finds Charge, Coding Errors

By Nina Youngstrom

When outlier payments spike, hospitals stick out like a sore thumb and may invite an audit from the HHS Office of Inspector General (OIG). That's what happened to CHI St. Vincent Infirmary in Little Rock, Arkansas. Its Medicare outpatient outlier payments rose from $216,484 in 2013 to $1.4 million in 2014, partly because of a couple of extreme charges, including an operating room charge for 98 hours, according to an audit report[1] from OIG posted March 2.

"This is a pretty detailed report," said Stephen Gillis, director of compliance coding, billing and audit at Partners HealthCare in Boston, Massachusetts. "There are things you can learn and take back to your own institution and ask, 'Are we doing it the right way?'"

Medicare gives hospitals extra money when they treat high-cost patients to offset the associated financial risk. "A service or group of services becomes eligible for outlier payments when the cost of the service or group of services estimated using the hospital's most recent overall cost-to-charge ratio separately exceeds each relevant threshold," OIG explained. "The current hospital outlier payment is calculated on a service basis using both fixed-dollar and multiple thresholds to determine outlier eligibility."