Report on Medicare Compliance Volume 31, Number 17. May 09, 2022 New Era of Provider MA Audits May Be Here; Health System Did HCC Review After MA Audits

By Nina Youngstrom

Health systems should brace for possible audits in connection with Medicare Advantage (MA) payments as Medicare watchdogs turn more of their attention in this direction. MA plans that may have encouraged physicians to add diagnoses to patient charts also may be starting to audit providers to validate their diagnoses. Physicians may be vulnerable because diagnosis coding is not typically in their wheelhouse, and hierarchical condition categories (HCCs), which CMS uses to pay MA plans, are driven by diagnoses, compliance experts say.

One health system has been audited by two MA plans in a way that caught it off guard. "Up to this point, payers have reviewed our records in order to add HCCs," said the compliance officer, who prefers not to be identified. "I have never seen the payers question the validity of a diagnosis until this month. Humana sent us two audits where they felt the HCCs were not supported. We agreed in some cases, but not in others." It's a kaleidoscopic situation because the MA plans that use electronic health record (EHR) systems and/or other methods to get physicians to consider adding diagnoses that map to higher-paying HCCs may now challenge the coding and documentation of the diagnoses, said a compliance auditor for the same health system, who also preferred not to be identified.

The audits are educational for now, but the compliance auditor foresees a time when MA plans recoup money from hospitals and health systems if an argument can be made that the diagnoses aren't supported. "Now that Medicare is hitting Medicare Advantage plans, they will pass that onto their providers," said the compliance auditor, referring to audits of MA plans by the HHS Office of Inspector General (OIG) and CMS. In response to these developments, the health system conducted its own internal review of certain HCCs that were highlighted in OIG audits and found areas to improve.

HCCs are a significant risk area for MA plans and providers, said Chris Anusbigian, a specialist leader with Deloitte & Touche in Detroit. With OIG audits of MA plans finding unsupported HCCs and other problems, the scrutiny was expected to trickle down to providers. "It's a risk they should consider in their annual compliance work plan and understand the impact of risk-adjusted payments and reimbursement to their physician practices."

Risk adjustment scores are at the heart of Medicare payments to MA plans, which are paid more for sicker patients. "To determine an enrollee's health status for purposes of calculating the risk score, CMS uses diagnoses that the enrollee receives from face-to-face encounters with a physician (in an office or in an inpatient or outpatient setting). MA organizations collect the diagnosis codes that physicians document on the medical records and submit these codes to CMS," OIG explained in one of its audits. "CMS then maps certain diagnosis codes, on the basis of similar clinical characteristics and severity and cost implications, into Hierarchical Condition Categories (HCCs)."