



OIG Study: Medicare Overpaid Nursing Homes \$1.5B in 2009

Dennis Kennedy

dkennedy@dbllaw.com

The Department of Health and Human Services Office of Inspector General (OIG) has completed a study in which it found that Medicare overpaid Skilled Nursing Facilities (SNFs) in 2009 by \$1.5 billion.

The study was based on a random sample of SNF claims from 2009 and were reviewed by three registered nurses, a physical therapist, an occupational therapist, and a speech therapist. The purpose of the study was to assess the “appropriateness of Medicare payments” to SNFs, which the federal government has long been suspected as among the most common recipients of Medicare overpayments.

Of the random sample of claims, OIG found that one-quarter of them were in error, resulting in \$1.5 billion in inappropriate payments, or nearly 6% of the total \$26.9 billion paid to SNFs in 2009. According to the study, the majority of the overpayments were the result of “upcoding,” whereby a provider claims more than it was entitled to receive.

Based on these findings, OIG made six recommendations for the Centers for Medicare & Medicaid Services (CMS):

- (1) increase and expand reviews of SNF claims;
- (2) use its Fraud Prevention System to identify SNFs that are billing for higher-paying services;
- (3) monitor compliance with new therapy assessments;
- (4) change the current method for determining how much therapy is needed to ensure appropriate payments;
- (5) improve the accuracy of beneficiary assessments; and
- (6) follow up on the SNFs that billed in error.

CMS concurred with all six recommendations.

OIG is currently conducting another SNF-related study to assess the extent to which SNFs meet Federal requirements regarding the quality of care provided to beneficiaries.

The full OIG study is located [here](#).