



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

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COMPLIANCE ALERT 11-20

OIG Audits find \$29 million in Overpayments for Incorrect Place of Service coding

SUMMARY: Incorrect coding of "place of service" by OIG audit estimates that \$29 million is available for recovery from hospitals. Ambulatory Surgical Centers and hospital outpatient settings are most likely for the error.

ACTION NEEDED: HIM and coding departments should conduct a review of claims to ensure that correct place of service codes are included and are correctly indicated.

Two recent reports from the U.S. Department of Health and Human Services Office of Inspector General (OIG) estimate that Medicare Part B contractors may have overpaid \$29 million for claims submitted in 2008 and 2009 due to incorrect "place-of-service" coding based on the OIG's review of 100 sample claims in each of 2008 and 2009. Physicians are required to identify the place of service on the Medicare claims forms and the reimbursement rate varies based on where the service was provided. Inappropriate use of the office place-of-service code can result in physician overpayments for services.

In both reports, the OIG attributed the overpayments to internal control weaknesses at the physician billing level and insufficient post-payment reviews by Medicare contractors. The OIG recommended in both reports that the Centers for Medicare and Medicaid Services (CMS): (1) recover the overpayments for the sampled services; (2) immediately reopen the claims associated with the non-sampled services, review information on these claims and work with physicians to recover any overpayments; (3) strengthen physician and billing agent education on correctly coding place of service; and (4) continue to work with contractors to identify physicians who are at a high risk of place-of-service miscoding. CMS agreed with the OIG's recommendations and stated that it was working to recover the overpayments.¹

Source: ¹ King & Spalding, Health Headlines: September 26, 2011

OIG report for 2008: http://www.kslaw.com/library/publication/HH092611_2008Report.pdf

OIG report for 2009: http://www.kslaw.com/library/publication/HH092611_2009Report.pdf