

## OIG Work Plan for 2014 Released

The Office of Inspector General (OIG) of Health and Human Services (HHS) released its *Work Plan for Fiscal Year 2014* on January 31, 2014, nearly four months later than usual.<sup>1</sup> The OIG issues an annual work plan to identify the office's specific areas of focus and oversight for the upcoming fiscal year. The *Work Plan* provides valuable insight into the OIG's priorities by describing both new and existing programs that the OIG will undertake in the coming fiscal year. The projects outlined in the *2014 Work Plan* will affect several providers, including hospitals, physicians, suppliers, and payors. Highlights from the 85-page *Work Plan* are discussed below.

The *2014 Work Plan* includes 25 projects specifically related to hospitals, 12 of which are new this year.<sup>2</sup> One new hospital-related project will examine the impact of new inpatient admission criteria on hospital billing.<sup>3</sup> Specifically, the OIG will monitor the effects of the new "two-midnight rule," which requires patient stays lasting less than two midnights to be treated and billed as outpatient services. As discussed in a January 2014 issue of *Health Capital Topics*,<sup>4</sup> this rule was implemented to address overpayments for short inpatient stays and inconsistent billing practices among hospitals.<sup>5</sup> Another hospital-related project will include OIG review of Medicare cost reports to determine salary amounts reported to and reimbursed by Medicare.<sup>6</sup> Based on this data, the OIG will determine the potential impact on Medicare of limiting the amount of employee compensation that could be submitted for Medicare reimbursement on future cost reports.<sup>7</sup> The OIG will also compare Medicare payments for office visits in provider-based clinics and free-standing clinics to determine the financial impact of provider-based status claims by hospital clinics.<sup>8</sup>

Other hospital-related projects in the *Work Plan* focus on billing and payment oversight. The OIG will review Medicare outpatient payments made for *evaluation and management (E/M) services* to determine whether visits billed at the *new-patient* rate were appropriate, and may recommend recovery of overpayments.<sup>9</sup> Under another project, the OIG will conduct a nationwide review of Medicare payments for right heart catheterizations (RHC) and heart biopsies to determine whether hospitals complied with Medicare billing requirements.<sup>10</sup> This review will be implemented in response to previous OIG reviews which revealed

inappropriate payments when RHC services were already included in payments for heart biopsies.<sup>11</sup> The OIG will also review provider data to determine whether hospitals' indirect medical education (IME) payments were calculated properly and made in accordance with Federal regulations.<sup>12</sup>

A final group of hospital-related programs focuses on quality of care and safety. One project will assess hospital preparedness and response during Hurricane Sandy.<sup>13</sup> As part of another project, the OIG will evaluate physician privileging programs in hospitals to determine how hospitals assess medical staff candidates before granting privileges, including verification of physician's credentials as well as review of the National Practitioner Data Bank.<sup>14</sup>

The *Work Plan* also includes nine projects related to nursing homes, hospices, and home health services, two of which are new in 2014.<sup>15</sup> The OIG will continue to review hospitalizations of nursing home residents to determine the extent to which these hospitalizations occurred as a result of conditions thought to be manageable or preventable in the nursing home setting.<sup>16</sup> The OIG will review the lengths of stay; levels of care received; and, common terminal illnesses of Medicare beneficiaries who receive hospice care in *Assisted Living Facilities (ALFs)*.<sup>17</sup> This review will be implemented as part of the *Affordable Care Act (ACA)*, which requires CMS to reform the hospice payment system and develop quality measures for hospices.<sup>18</sup> The OIG will also review billing practices by *home health agencies (HHAs)* for compliance with federal regulations in response to a prior OIG report which found questionable billing practices in one in four HHAs.<sup>19</sup>

Twelve projects in the *Work Plan* involve medical equipment and supplies, and five of these programs are new in 2014. The OIG will continue to review Medicare reimbursement rates for *Parenteral Nutrition*, and determine the reasonableness of these rates compared to other payors.<sup>20</sup> Another project will review Medicare payments for *power mobility devices (PMDs)* to determine whether the requirements for a face-to-face examination were met.<sup>21</sup> The OIG will also review Medicare payments for lower limb prosthetics in response to an earlier OIG review that identified 267 suppliers with questionable billing practices.<sup>22</sup>

The OIG will continue programs related to oversight of ACA implementation in 2014.<sup>23</sup> The OIG plans to focus its oversight on the operation of the new *Health Insurance Marketplaces*, as well as, the *Medicaid expansion*.<sup>24</sup> The OIG prioritized four key areas to address regarding *Health Insurance Marketplaces*, including: (1) payment accuracy; (2) eligibility systems; (3) planning, acquisition, management, and performance of contracts; and, (4) security of data and consumer information.<sup>25</sup> Additionally, the OIG will implement 11 review programs involving the *Medicaid expansion*, four of which are new in 2014.<sup>26</sup> Under the ACA, 25 states currently are expanding, or plan to expand, Medicaid coverage to adults earning up to 133% of the federal poverty level.<sup>27</sup> The OIG plans to review several aspects of the *Medicaid expansion* program, including (1) prescription drugs; (2) billing and payment; (3) quality and safety of home health services; (4) state management of Medicaid; and, (5) information system controls and security.<sup>28</sup>

As indicated by the projects described above, the OIG's major priorities in 2014 are to aggressively combat fraud and abuse, while simultaneously promoting the quality of patient care. The OIG also plans to continue monitoring the effects of the rapidly changing regulatory environment in the healthcare industry in an era of healthcare reform. Healthcare enterprises and providers would be well served to determine whether the foregoing projects impact their operations, and update their compliance plans accordingly.

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1 "Work Plan for Fiscal Year 2014" U.S. Department of Health and Human Services, Office of Inspector General, January 31, 2014, <https://oig.hhs.gov/reports-and-publications/archives/workplan/2014/Work-Plan-2014.pdf> (Accessed 2/12/14).

2 *Ibid.*, p. 1-7.

3 *Ibid.*, p. 2.

4 "Opposition to the 'Two-Midnight' Rule Heating Up," Health Capital Topics, Vol. 7, Issue 1 (January 2014).

5 OIG, January 31, 2014, p. 2.

6 *Ibid.*, p. 2.

7 *Ibid.*

8 *Ibid.*, p. 2-3.

9 *Ibid.*, p. 5.

10 *Ibid.*

11 *Ibid.*

12 *Ibid.*, p. 6.

13 *Ibid.*, p. 7.

14 *Ibid.*

15 *Ibid.*, p. 8-10.

16 *Ibid.*, p. 9.

17 *Ibid.*

18 *Ibid.*

19 *Ibid.*, p. 10.

20 *Ibid.*, p. 11.

21 *Ibid.*, p. 12.

22 *Ibid.*

23 *Ibid.*, p. 75-82.

24 *Ibid.*, p. 75.

25 *Ibid.*

26 *Ibid.*, p. 79-80.

27 *Ibid.*, p. 79.

28 *Ibid.*



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