

## 2013 OIG Work Plan Released

On October 2, 2012, the Office of Inspector General for the U.S. Department of Health and Human Services released its *Work Plan for Fiscal Year 2013 (Work Plan)*, giving stakeholders a glimpse into what the government has in store for the healthcare industry in 2013. The Work Plan outlines projects that several federal agencies will undertake in the upcoming fiscal year and provides information on issues that affect multiple programs, including those involving the use of federal funds at the state and local governmental levels.<sup>1</sup> This latest Work Plan places greater emphasis on issues related to hospital billing and payment, DMEPOS suppliers, and Medicare contractors, indicating a broad objective of improving the use of government funds and programs.<sup>2</sup> Providers, suppliers, and payors are likely to be significantly impacted by new projects, as well as by the oversight activities of existing programs, and should prepare their organizations to meet the challenges posed in the year ahead.

For hospitals, the Work Plan outlines several notable areas of concern. There are 25 projects that will evaluate the Centers for Medicare and Medicaid (CMS) policies on payments to hospitals under Medicare Parts A and B, and 11 of these programs are new.<sup>3</sup> Payment rates for hospitals' transfer of patients to other facilities will be examined, as well as the current Medicare payment practice that reimburses hospitals for the full Medicare diagnostic related group (DRG) rate when a patient with a short length of stay is transferred to hospice.<sup>4</sup> Another program will examine the variation in hospital billing practices that has occurred over the past several years since changes to the Medicare DRG payment rates went into effect in 2008, and will consider whether, under the Medicare bundled payment formula, additional Medicare savings can be generated by expanding the window in which Medicare covers care provided in the days leading up to a hospital admission from three days to fourteen.<sup>5</sup> A new project will audit Medicare payments for mechanical ventilation in order to determine if hospitals provided the 96 hours of mechanical ventilation minimally required for certain DRG payments.<sup>6</sup> The OIG will also scrutinize Medicare payments for short-stay claims that resulted from surgeries being canceled and later rescheduled, as under current Medicare policy, providers may be reimbursed for both stays despite providing little to no care during the initial stay that resulted in the cancellation.<sup>7</sup>

Other projects centered around Medicare payments include evaluation of ambulatory surgical center (ASC) acquisitions by hospitals and a review of the Recovery Audit Contractor (RAC) program.<sup>8</sup> Because services provided in an outpatient hospital setting are reimbursed at a higher rate than those provided in an ambulatory setting, hospitals may be converting newly-acquired ASCs into outpatient hospital departments in order to increase reimbursement for surgical services, and the OIG will examine the impact this trend has had on both Medicare payments and beneficiaries' costs.<sup>9</sup> A new program will audit RACs' success at identifying potential fraud in the Medicaid system, as the *Patient Protection and Affordable Care Act (ACA)* expanded the Medicare RAC program to Medicaid and required states to implement their own programs in 2012.<sup>10</sup> This OIG project may have been spurred by the performance problems identified with the Medicare RAC program earlier this year.<sup>11</sup> For more discussion on the Medicare RAC program performance report and other federal auditing programs, see the June 2012 *HC Topics* article, "[Auditing Programs: Back to the Drawing Board?](#)"

There are nearly 30 projects related to the Affordable Care Act's implementation, 8 of which are new for fiscal year 2013. Federal grants to states for the purpose of establishing health insurance exchanges will be reviewed to ensure the exchanges effectively prevent healthcare fraud, abuse, and waste, and the OIG will review state Health Insurance Assistance Programs (SHIPS) to determine the extent to which they report fraud information to Medicare, as these programs received funding earmarked for this purpose.<sup>12</sup> Home health agencies will be reviewed for compliance with the requirement that physicians have face-to-face encounters with beneficiaries before certifying them as eligible for home health services, and the OIG will determine how often providers and suppliers who have been identified as at risk for fraud should receive on-site visits from Medicare officials.<sup>13</sup>

Though the Work Plan's projects span a range of healthcare industry sectors, it is clear that a major focus of the 2013 Work Plan is to target billing and payment practices in order to reduce the occurrence of fraud, abuse, and waste. Given the breadth of these projects, industry stakeholders should review the Work Plan in depth to determine the potential impact on their respective operations.

- 1 “Work Plan” Office of Inspector General, U.S. Department of Health and Human Services, 2012, <https://oig.hhs.gov/reports-and-publications/workplan/index.asp> (Accessed 11/12/12).
- 2 “FY 2013 Work Plan Says OIG Will Focus on Hospital Billing, Medicare Contractors, James Swann, Bloomberg BNA, October 4, 2012, <http://www.bna.com/fy-2013-work-n17179870046/> (Access 11/12/12); “OIG Issues 2013 Work Plan” Foley and Lardner, October 4, 2012, <http://www.foley.com/oig-issues-2013-work-plan-10-04-2012/> (Accessed 11/12/12).
- 3 “OIG to Investigate Hospital Payments in 2013” By Cheryl Clark, HealthLeaders Media, October 8, 2012, <http://www.healthleadersmedia.com/page-1/FIN-285161/OIG-to-Investigate-Hospital-Payments-in-2013> (Accessed 11/12/12).
- 4 Ibid.
- 5 Ibid.
- 6 Ibid.
- 7 Ibid.; “Office of Inspector General Work Plan: Fiscal Year 2013” Office of Inspector General, U.S. Department of Health and Human Services, 2012, <https://oig.hhs.gov/reports-and-publications/archives/workplan/2013/Work-Plan-2013.pdf> (Accessed 11/12/12), p. 3-4.
- 8 “OIG to Investigate Hospital Payments in 2013” By Cheryl Clark.
- 9 Ibid.
- 10 Ibid.
- 11 Ibid.
- 12 Ibid.
- 13 Ibid.



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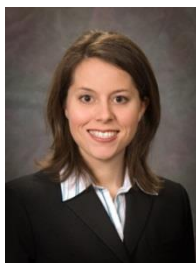
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