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Hospitals, physicians face more challenges from federal programs in 2009

January 05, 2009 | Chelsey Ledue, Associate Editor

FRANKLIN, TN – Executives from Passport Health Communications, Inc. claim that declining Medicare and Medicaid reimbursements are not the only significant challenges facing healthcare providers in 2009.

Officials from the Franklin, Tenn.-based company referenced the recently released U.S. Department of Health and Human Services semi-annual report to Congress and the HHS Office of Inspector General 2009 Work Plan. Fraudulent claims and even common billing errors sent to the federal programs potentially mean hundreds of thousands of dollars in lost revenue and penalties.

In its report, the OIG announced significant audit, evaluation and investigation accomplishments for the second half of fiscal year 2008, including savings and expected recoveries of more than \$20.4 billion - nearly 10 times the amount reported in the first half of FY2008.

"In a time when hospitals are already struggling with increasing costs, increasing patient financial responsibility and declining reimbursements the overarching messages of these reports are clear - healthcare providers must be more accurate and diligent in their Medicare and Medicaid billing," said Jeff Drake, Passport chief sales and marketing officer.

The savings and expected recoveries include \$16.72 billion in implemented recommendations to put funds to better use, \$1.33 billion in audit receivables, and \$2.35 billion in investigative receivables.

During the second half of FY2008 OIG excluded more than 3,000 individuals and organizations from participating in federal healthcare programs, more than double the amount of exclusions reported during the first half of the fiscal year.

According to reports, OIG concluded cases involving more than \$5.5 million in penalties and assessments in the second half of FY2008. Providers have suffered penalties ranging from \$250,000 to more than \$1 million to settle violations of The Civil Monetary Penalties Law during the last few years.

"The numbers are staggering, and do not even account for the capital costs associated with hospital resources tied up in claims management details or participating in federal audits," said Drake. "So much revenue is lost because it is diverted to penalties."

The OIG Work Plan for FY2009, published in December, is a projection of the various projects to be addressed during the upcoming fiscal year. Several new initiatives are planned, including OIG's evaluation of appropriate payments for clinical laboratory tests and hospital emergency room X-rays, variation of laboratory pricing, Medicare billing with specific modifiers and Medicare payments for unlisted procedure codes.

"Providers need tools to help identify claims that have potential issues and help them correct any errors prior to billing," said Patrick Harkins, vice president of content development and compliance officer for Passport. "The consequences of mistakes can be extremely costly."

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