



DEC 19 2001

Office of Audit Services
Region I
John F. Kennedy Federal Building
Room 2425
Boston, MA 02203
(617) 565-2684

CIN: A-01-01-00519

Mr. John Lynes
Assistant Vice President of Government Programs
Blue Cross and Blue Shield of Rhode Island
444 Westminster Street
Providence, RI 02903

Dear Mr. Lynes:


Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General, Office of Audit Services' (OAS) report entitled "Review of Medicare Credit Balances at Part B Providers." A copy of this report will be forwarded to the action official noted below for his review and any action deemed necessary.

Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), OIG, OAS reports issued to the Department's grantees and contractors are made available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See 45 CFR Part 5.)

To facilitate identification, please refer to Common Identification Number A-01-01-00519 in all correspondence relating to this report.

Sincerely yours,


Michael J. Armstrong
Regional Inspector General
for Audit Services

Enclosures – as stated

Direct Reply to HHS Action Official:
George F. Jacobs, II
Regional Administrator
Centers for Medicare & Medicaid Services – Region I
Room 2325
John F. Kennedy Federal Building
Boston, Massachusetts 02203

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF MEDICARE CREDIT
BALANCES AT PART B PROVIDERS**



JANET REHNQUIST
Inspector General

DECEMBER 2001
A-01-01-00519

Office of Inspector General

<http://oig.hhs.gov/>

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The OIG's Office of Audit Services (OAS) provides all auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations in order to reduce waste, abuse, and mismanagement and to promote economy and efficiency throughout the Department.

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The OCIG also represents OIG in the global settlement of cases arising under the Civil False Claims Act, develops and monitors corporate integrity agreements, develops model compliance plans, renders advisory opinions on OIG sanctions to the health care community, and issues fraud alerts and other industry guidance.



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Mr. John Lynes
Assistant Vice President of Government Programs
Blue Cross and Blue Shield of Rhode Island
444 Westminster Street
Providence, RI 02903

Dear Mr. Lynes:

The purpose of this letter is to provide you with the results of our review of Medicare credit balances at Part B providers. The objective of our review was to identify potential Part B provider credit balances and substantiate their existence through confirmation with the appropriate Medicare carrier and the beneficiaries' primary insurers. The scope of our review included 10 beneficiary cases with potential Part B credit balances for which the claims for Part B services were processed and paid by Blue Cross and Blue Shield of Rhode Island (BCBSRI).

By utilizing beneficiary insurance information from Medicare Part A credit balance reports submitted by hospitals, we were able to develop a basis to identify potential credit balances at Part B providers. Based on our review and confirmation with insurance companies, we found that payments made by BCBSRI for services for 3 of the 10 sample beneficiary cases included 60¹ mistaken Part B payments valued at \$5,995 that have not been recovered by Medicare.

We provided BCBSRI with the claims detail information to facilitate its collection efforts with respect to these credit balances (see APPENDIX A). In response to our draft report, BCBSRI has taken overpayment action on the 60 mistaken payments processed by their office.

BACKGROUND

A Medicare credit balance is defined as an improper or excess payment made to a provider as the result of patient billing or claims processing errors. Generally, when a provider receives an improper or excess payment for a claim it is reflected in its accounting records

¹ Draft report originally identified 62 mistaken payments valued at \$6,032. As stated in BCBSRI's response (APPENDIX B), two of the claims were processed by another carrier. As a result, these two claims were removed from the final report. Therefore, the number of mistaken payments processed by BCBSRI is 60 valued at \$5,995.

regardless of its classification in a provider's accounting records. The Medicare Credit Balance Report allows providers that submit claims to fiscal intermediaries to identify Part A credit balances and refund Medicare. However, there is not a similar report to facilitate identification and recovery of Part B credit balances for providers that submit claims to carriers. Instead, these providers are encouraged to review their billing records for Medicare overpayments and make voluntary refunds to the Medicare carriers.

OBJECTIVES, SCOPE AND METHODOLOGY

Our review was made in accordance with generally accepted government auditing standards. The objective of our review was to identify potential Part B provider credit balances and substantiate their existence through confirmation with the appropriate Medicare carrier and the beneficiaries' primary insurers. Accordingly, our review of internal controls at the Medicare Part B carrier focused solely on the carrier's methodology for the identification and recovery of credit balances. To accomplish our objectives, we:

- reviewed applicable Medicare laws and regulations;
- utilized beneficiary insurance information from Medicare Part A credit balance reports submitted by hospitals to identify beneficiaries with primary insurance coverage;
- performed a match using beneficiary information from the credit balance reports against the beneficiaries' Part B services from the National Claims History File;
- selected for detailed review a judgmental sample of 10 beneficiary cases for which Medicare paid for Part B services during a period of primary insurance coverage as indicated on the credit balance reports;
- discussed the selected cases with personnel at the appropriate Medicare carrier that processed and paid the Part B claims to assist in determining the risk of mistaken Medicare payments; and
- contacted insurance companies to confirm whether the primary insurers also made payments to the providers for the same services that were mistakenly paid by Medicare.

We conducted our review from March 2000 through June 2000 at the Office of Inspector General regional office in Boston, Massachusetts.

The draft report was issued to BCBSRI on November 19, 2001. The BCBSRI's written comments, dated December 13, 2001, are summarized on page 3 and appended in their entirety to this report (see APPENDIX B).

RESULTS OF REVIEW

Based on our review and confirmation with insurance companies, we found that payments made by BCBSRI for services for 3 of the 10 sample beneficiary cases included 60 mistaken Part B payments valued at \$5,995 that have not been recovered by Medicare.

Credit Balances Identified

In two beneficiary sample cases, BCBSRI made mistaken payments to providers totaling \$1,526 for services that should have been paid by the beneficiaries' primary insurers. Our review disclosed that the beneficiaries' insurance companies also paid the providers \$1,085 for services paid by Medicare as well. The remaining \$441 represents improper payments for services that should have been billed to and paid by the primary insurer. The BCBSRI did not initiate recovery because the mistaken payments did not exceed the \$1,000 per beneficiary threshold established by the Centers for Medicare and Medicaid Services (CMS) for group health plan recoveries; with total mistaken payments per beneficiary of \$674 and \$852 each. However, we believe BCBSRI should initiate recovery for the mistaken payments totaling \$1,526 for these sample cases since we have conclusively identified that Medicare made mistaken payments for these services.

For one beneficiary sample case, BCBSRI made \$4,469 in mistaken Medicare payments to providers for services that should have been paid by the beneficiary's primary insurer. For this case, BCBSRI was unable to determine why recovery efforts were not initiated for the mistaken payments. Our review disclosed that the beneficiary's insurance company also paid \$1,273 for services paid by Medicare as well. The remaining \$3,196 represents improper payments for services that should have been billed to and paid by the primary insurer. We believe BCBSRI should initiate recovery for the mistaken payments totaling \$4,469 for this sample case.


Recommendation

Based on the results of our review, we have recommended BCBSRI collect the \$5,995 in mistaken Part B payments identified for the 3 sample cases. We provided BCBSRI with the claims detail information to facilitate its collection efforts.

Blue Cross and Blue Shield of Rhode Island's Comments

In response to our draft report, BCBSRI has taken overpayment action on the 60 mistaken payments processed by their office. The full text of BCBSRI's comments are included as APPENDIX B to this report.

Sincerely yours,


Michael J. Armstrong
Regional Inspector General
for Audit Services

APPENDICES

Legend:	
Payment Category	
1	Medicare mistaken payments where primary insurer also paid for the same service.
2	Medicare mistaken payments where primary insurer did not make a payment.
Reason Category	
A	Aggregated payments did not meet CMS' \$1,000 threshold for initiating employer group health plan recoveries.
B	Carrier was unable to determine why recovery efforts were not initiated.

Medicare As Secondary Payer Timeframe	Claim Identification Number	Date of Service	Payment-Reason Category 1-A	Payment-Reason Category 2-A	Total Paid Amount
7/1/98-Present	0990880071499	1/15/1999	\$61.65		\$61.65
7/1/98-Present	0990550073489	2/2/1999	\$52.00		\$52.00
7/1/98-Present	0990530073370	2/19/1999		\$45.36	\$45.36
7/1/98-Present	0990850051041	2/19/1999		\$37.50	\$37.50
7/1/98-Present	0991390074254	3/2/1999	\$34.76		\$34.76
7/1/98-Present	0990620073697	3/3/1999		\$103.04	\$103.04
7/1/98-Present	0990850074356	3/22/1999		\$52.97	\$52.97
7/1/98-Present	0990850074357	3/22/1999		\$2.70	\$2.70
7/1/98-Present	0991390074253	4/29/1999	\$25.12		\$25.12
7/1/98-Present	0991970073257	7/13/1999	\$37.46		\$37.46
7/1/98-Present	0992290072259	8/11/1999	\$184.89		\$184.89
7/1/98-Present	0992580072301	9/10/1999	\$33.30		\$33.30
7/1/98-Present	0993060076480	10/25/1999	\$3.35		\$3.35
Beneficiary #1 - Totals			\$432.53	\$241.57	\$674.10
12/21/97-Present	0983340051157	11/6/1998	\$33.12		\$33.12
12/21/97-Present	0983430074270	11/25/1998		\$81.74	\$81.74
12/21/97-Present	0983450072120	12/7/1998	\$49.72	\$4.37	\$54.09
12/21/97-Present	0990290077341	12/7/1998		\$7.86	\$7.86
12/21/97-Present	0983500073474	12/14/1998	\$268.01		\$268.01
12/21/97-Present	0990610072532	3/1/1999	\$0.90		\$0.90
12/21/97-Present	0991130051405	3/23/1999		\$39.22	\$39.22
12/21/97-Present	0990910077279	3/25/1999	\$34.76		\$34.76
12/21/97-Present	0991060075685	4/12/1999	\$21.73		\$21.73
12/21/97-Present	0991180072556	4/26/1999	\$81.42	\$3.54	\$84.96
12/21/97-Present	0991270075261	5/3/1999	\$71.23		\$71.23
12/21/97-Present	0992030050156	7/6/1999		\$63.17	\$63.17
12/21/97-Present	0992290073642	8/12/1999	\$91.29		\$91.29
Beneficiary #2 - Totals			\$652.18	\$199.90	\$852.08
Subtotal of Mistaken Payments Where Primary Insurer Also Paid for the Same Service			\$1,084.71		
Subtotal of Mistaken Payments Where Primary Insurer Did Not Make a Payment				\$441.47	
Total Mistaken Payments Where Aggregated Payments Did Not Exceed CMS' \$1,000 threshold for Employer Group Health Plan Recoveries					\$1,526.18

Note - Shaded claims contain one or more lines of service belonging to Payment Category 1 and one or more lines of service belonging to Payment Category 2.

Legend:	
Payment Category	
1	Medicare mistaken payments where primary insurer also paid for the same service.
2	Medicare mistaken payments where primary insurer did not make a payment.
Reason Category	
A	Aggregated payments did not meet CMS' \$1,000 threshold for initiating employer group health plan recoveries.
B	Carrier was unable to determine why recovery efforts were not initiated.

Medicare As Secondary Payer Timeframe	Claim Identification Number	Date of Service	Payment-Reason Category 1-B	Payment-Reason Category 2-B	Total Paid Amount
3/1/99-12/31/99	0991090053033	3/4/1999		\$121.66	\$121.66
3/1/99-12/31/99	0990960070552	3/4/1999		\$9.37	\$9.37
3/1/99-12/31/99	0990740051559	3/4/1999		\$34.76	\$34.76
3/1/99-12/31/99	0990760073888	3/4/1999		\$160.89	\$160.89
3/1/99-12/31/99	0990670075404	3/5/1999		\$182.95	\$182.95
3/1/99-12/31/99	0990820075711	03/06/1999 - 03/12/1999		\$498.07	\$498.07
3/1/99-12/31/99	0992600072085	3/7/1999		\$9.37	\$9.37
3/1/99-12/31/99	0990820075693	3/13/1999		\$53.68	\$53.68
3/1/99-12/31/99	0990970074695	4/2/1999		\$48.41	\$48.41
3/1/99-12/31/99	0991120075396	4/6/1999		\$21.73	\$21.73
3/1/99-12/31/99	0991100075694	4/14/1999		\$48.41	\$48.41
3/1/99-12/31/99	0991120075397	4/16/1999		\$34.76	\$34.76
3/1/99-12/31/99	0991530074568	04/29/1999 - 05/12/1999		\$889.22	\$889.22
3/1/99-12/31/99	0991530074542	05/01/1999 - 05/02/1999		\$59.80	\$59.80
3/1/99-12/31/99	099153007456810	5/13/1999		\$53.46	\$53.46
3/1/99-12/31/99	0991590075773	05/19/1999 - 05/21/1999		\$82.60	\$82.60
3/1/99-12/31/99	0991530074570	5/28/1999		\$48.41	\$48.41
3/1/99-12/31/99	0991740075695	6/16/1999		\$48.41	\$48.41
3/1/99-12/31/99	0992080076812	06/22/1999 - 06/30/1999	\$180.11	\$105.42	\$285.53
3/1/99-12/31/99	0992160075310	07/07/1999 - 07/14/1999	\$489.84		\$489.84
3/1/99-12/31/99	0992300051531	7/8/1999		\$44.94	\$44.94
3/1/99-12/31/99	0992160075283	07/10/1999 - 07/11/1999		\$59.80	\$59.80
3/1/99-12/31/99	0992160075314	7/28/1999	\$48.41		\$48.41
3/1/99-12/31/99	0992320072426	8/4/1999		\$9.37	\$9.37
3/1/99-12/31/99	0992600079695	8/5/1999		\$94.92	\$94.92
3/1/99-12/31/99	0992420072214	8/5/1999		\$188.47	\$188.47
3/1/99-12/31/99	0992350072128	8/5/1999		\$143.88	\$143.88
3/1/99-12/31/99	0992300074591	08/06/1999 - 08/12/1999	\$341.83		\$341.83
3/1/99-12/31/99	0992300074598	08/07/1999 - 08/08/1999		\$59.80	\$59.80
3/1/99-12/31/99	0992730079737	08/16/1999 - 08/18/1999	\$115.72		\$115.72
3/1/99-12/31/99	0992450079457	8/26/1999	\$48.41		\$48.41

Note - Shaded claims contain one or more lines of service belonging to Payment Category 1 and one or more lines of service belonging to Payment Category 2.

Legend:	
Payment Category	
1	Medicare mistaken payments where primary insurer also paid for the same service.
2	Medicare mistaken payments where primary insurer did not make a payment.
Reason Category	
A	Aggregated payments did not meet CMS' \$1,000 threshold for initiating employer group health plan recoveries.
B	Carrier was unable to determine why recovery efforts were not initiated.

Medicare As Secondary Payer Timeframe	Claim Identification Number	Date of Service	Payment-Reason Category 1-B	Payment-Reason Category 2-B	Total Paid Amount
3/1/99-12/31/99	0992520070981	9/2/1999		\$48.41	\$48.41
3/1/99-12/31/99	0992730072965	9/17/1999		\$34.76	\$34.76
3/1/99-12/31/99	0992730079738	9/23/1999	\$48.41		\$48.41
Beneficiary #3 -Total of Mistaken Payments Where Primary Insurer Also Paid for the Same Service			\$1,272.73		
Beneficiary #3- Total of Mistaken Payments Where Primary Insurer Did Not Make a Payment				\$3,195.73	
Beneficiary #3 - Total of Mistaken Payments Where Carrier Was Unable to Determine Why Recovery Efforts Were Not Initiated					\$4,468.46 ¹
Total Mistaken Payments					\$5,994.64

Note - Shaded claims contain one or more lines of service belonging to Payment Category 1 and one or more lines of service belonging to Payment Category 2.

Legend:	
Payment Category	
1	Medicare mistaken payments where primary insurer also paid for the same service.
2	Medicare mistaken payments where primary insurer did not make a payment.
Reason Category	
A	Aggregated payments did not meet CMS' \$1,000 threshold for initiating employer group health plan recoveries.
B	Carrier was unable to determine why recovery efforts were not initiated.

¹ Difference from reported amount due to rounding



MEDICARE
Part A Intermediary / Part B Carrier
(401) 459-1000

December 13, 2001

Mr. Michael J. Armstrong
Regional Inspector General
for Audit Services
Office of Inspector General
Office of Audit Services
Region I
John F. Kennedy Federal Building
Room 2425
Boston, MA 02203

Re: Common Identification Number A-01-01-00519

Dear Mr. Armstrong,

This is in response to the report that you sent to Mr. John Lynes at Blue Cross & Blue Shield of Rhode Island on November 19, 2001. The 62 Part B claims have been reviewed and overpayment action is being taken on 60 of the cases. There were two claims on the list, ICN numbers 700299096042210 and 700299137029360 that were not processed by our office. They were processed by another contractor, so I could not initiate overpayments on those two claims.

If you need any further information on these claims, please call me at (401) 459-1735.

Sincerely,

A handwritten signature in black ink that reads "Cathy Sullivan". The signature is written in a cursive style and is positioned above the typed name and title.

Cathy Sullivan
Assistant Administrator
Medicare

Cc: John Lynes
John Griffin