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April 2024 OIG Work Plan Updates

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The OIG added several new items to its work plan in April 2024, let's review three key updates.

NURSING HOMES: MEDICAID NURSING FACILITY SUPPLEMENTAL PAYMENTS

The Medicaid program is the primary payor for nursing home care in the United States. Reimbursement methodologies are not simple or easily understood. One aspect of reimbursement includes supplemental payments.

The OIG explains that CMS has approved Medicaid nursing facility upper payment limit (UPL) supplemental payment programs in several States. In these States, nursing facilities may be eligible for supplemental payments that, when combined with a base payment, may not exceed a reasonable estimate of the amount that Medicaid would pay for the services. Through the UPL supplemental payment programs, a State may use different methods of financing instruments to fund that State's share of supplemental payments.

In this Work Plan item, the OIG plans to determine whether States accurately claimed payments under their Medicaid supplemental payment programs. They will determine whether the payment processes complied with Federal and State requirements. OIG will also describe how those payments were distributed and used.

MEDICATIONS AND PHARMACY BENEFIT MANAGERS

Last month we reported about the OIG's Work Plan item on *Vertical Integration on Medicare Part D*.

April's additions to the OIG Work Plan see another item added related to Vertically Integrated Medicare Part D Sponsors. This time they are announcing their intention to audit.

CMS is charged with oversight of prescription drug coverage for Medicare Part D. They contract with health insurers, known as plan sponsors, who are responsible for delivering the drug coverage benefit through a network of pharmacy providers. Under Part D, sponsors often contract with pharmacy benefit managers (PBMs) to manage or administer the drug benefit on a sponsor's behalf. PBM services may include contracting with pharmacies to establish pharmacy networks and negotiate pharmacy reimbursement rates.

OIG has noticed significant vertical integration between PBMs, health insurers, and pharmacies in the pharmaceutical market. They have gone as far as saying that concern has been raised about this vertically integrated model.

For example, OIG explains that by owning many links in the chain, a vertically integrated Medicare Part D sponsor may inflate drug prices. The intent of their audit is to determine the impact of related entity transactions within select vertically integrated entities on the prices for covered Part D drugs.

PERIPHERAL VASCULAR PROCEDURES

Disease of the vascular system is not uncommon, especially in the Medicare population. There are many different treatment modalities for people with vascular disease in the periphery, such as the extremities. Therapeutic procedures are an example and the use of peripheral vascular procedures in the Medicare population has increased over the past decade.

According to the OIG, in 2022, Medicare paid more than $600 million for atherectomies and angioplasties with and without a stent in peripheral arteries. These minimally invasive surgeries aim to improve blood flow when arteries narrow or become blocked because of peripheral arterial disease but are recommended only after patients have tried medical and exercise therapy and have lifestyle-limiting symptoms.

In addition, CMS and whistleblower fraud investigations have identified these surgeries as vulnerable to improper payments.

For example, the U.S. Department of Justice recently announced a lawsuit against a New York cardiologist.[1] They allege, among other things, that the physician fabricated patient records and billed for medically unnecessary vascular procedures. The watchdog journalist group, ProPublica, also has published a story on the potential for medically unnecessary vascular procedures.[2]

The OIG seems intent on finding out how big a problem this could be. In announcing this Work Plan item, they wish to determine trends in Medicare fee-for-service for surgeries in peripheral arteries over several years and identify paid claims that exhibit questionable characteristics. They will also describe the program integrity activities that CMS and its contractors have taken to combat fraud, waste, and abuse specific to procedures in peripheral arteries.

"...OIG explains that by owning many links in the chain, a vertically integrated Medicare Part D sponsor may inflate drug prices."

1 https://www.justice.gov/usao-sdny/pr/brooklyn-cardiologist-charged-health-care-fraud-and-bribery

2 https://www.propublica.org/article/thousands-of-patients-may-be-undergoing-vascular-procedure-unnecessarily

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CJ Wolf is a healthcare professional with more than 20 years of experience in hospital and physician revenue cycle, practice management, compliance, coding, billing, and client services. He has provided healthcare consulting and solution services to hospitals and physician organizations throughout the country.

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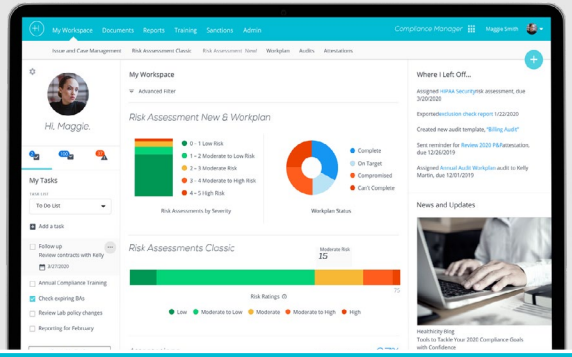

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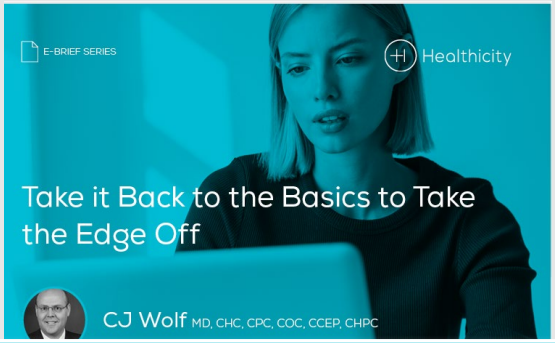

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