

CCH Health Care Compliance LETTER

Volume 8, Issue 13

health.cch.com

June 27, 2005

On The Front Lines 4

Finance committee targets tax-exempt hospitals

Trends 1

- **OIG highlights savings, exclusions in semi-annual report**
- **CDC reports visits to emergency departments at all-time high**

Tax-Exempt 2

- **Testimony questions efficient use of government funds by tax-exempt hospitals**

Fraud and Abuse 3

- **CMS suspends enrollment for specialty hospitals after moratorium expires**

HIPAA 7

- **Cooperating with law enforcement without violating HIPAA**

OIG highlights savings, exclusions in semi-annual report

by Sheila Lynch-Afryl, J.D., Contributing Editor

For the first half of fiscal year 2005, the Office of Inspector General (OIG) reported savings and expected recoveries of nearly \$17 billion: \$15.6 billion in implemented recommendations and other actions to put funds to better use, \$266 million in audit receivables, and \$1.1 billion in investigative receivables, according to the OIG's Semi-Annual Report to Congress for the six month period ending March 31, 2005.

Investigations. OIG reported exclusions of 1,695 individuals and entities for fraud or abuse of federal health care programs and/or beneficiaries, 258 criminal actions against individuals or entities that engaged in crimes against departmental programs, and 105 civil actions. Most of the exclusions resulted from convictions for crimes relating to Medicare or Medicaid, for patient abuse or neglect, or as a result of license revocation, including the 18 year exclusion of a registered nurse for sexually abusing a helpless patient.

In the largest OIG settlement of a civil money penalty kickback action, PharMerica, Inc. and PharMerica Drug Systems, Inc. agreed to pay more than \$5.9 million to settle allegations that it overpaid a pharmacy it was purchasing in return for a commitment from the seller that it would refer its Medicare and Medicaid pharmacy business to PharMerica for seven years.

MMA-required reports. The Medicare Modernization Act of 2003 (PubLNo 108-173) (MMA) required the OIG to report on Medicare payment methodologies for training medical residents in nonhospital settings and to assess notices to beneficiaries relating to hospital lifetime reserve days. OIG has met the statutory deadlines for this work.

The OIG's report on Medicare payment methodologies for training medical residents in nonhospital settings presented five alternative payment methodologies for the costs of training medical residents in nonhospital settings. OIG's report on lifetime reserve days revealed that 86 percent of hospitals surveyed provided written and/or verbal notices to beneficiaries who have used or will use 90 days of benefits. Eight percent of hospitals that reported that they do not notify beneficiaries about lifetime reserve days indicated that they lacked timely information about the number of lifetime reserve days that beneficiaries have available.

Pharmaceuticals. Also pursuant to the MMA, work is underway to monitor market prices and trends of Medicare-covered drugs, audit drug manufacturers' prices, establish a safe harbor related to the electronic transmission of drug prescriptions, assess the effects of Medicare payment rates on the availability of hematology

Letters to the Editor

The CCH Health Care Compliance team welcomes comments or questions regarding articles published in the CCH Health Care Compliance Letter. Send comments to Andra Popa, Coordinating Editor, at popaa@cch.com. For more information about the CCH Health Care Compliance Portfolio visit our online store at <http://health.cch.com>.