



## OIG Audit uncovers erroneous Medicaid EHR incentive payments

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The Office of Inspector General for the U.S. Department of Health and Human Services (OIG) recently released a detailed report summarizing the results of a Medicaid electronic health record (EHR) incentive payment audit. The OIG audit reviewed Medicaid EHR incentive payments made by the Louisiana Department of Health & Hospitals under the Health Information Technology for Economic and Clinical Health (HITECH) Act Medicare and Medicaid EHR Incentive Programs.

The OIG found that the Louisiana agency did not always pay Medicaid EHR incentive payments in accordance with federal and state requirements. The state agency erred with regard to \$4.4 million worth of EHR incentive payments to 20 hospitals. Specifically, it overpaid 13 hospitals a total of \$3.1 million and underpaid 6 hospitals a total of \$1.3 million, for a net overpayment of \$1.8 million. Additionally, the agency made incorrect incentive payments to 13 professionals for a total overpayment of \$3,250, and did not report 13 professional incentive payments to the Centers for Medicare & Medicaid Services (CMS) National Level Repository (NLR).

The OIG made the following recommendations to which the Louisiana agency agreed:

1. Refund to the federal government \$1.8 million in net overpayments made to the 20 hospitals, adjust the 20 hospitals' remaining incentive payments to account for the incorrect calculations, review the calculations for hospitals not reviewed to determine whether payment adjustments are needed, and refund any overpayments identified.
2. Modify the hospital calculation worksheet, correct the formula to calculate the discharge-related amounts, ensure that the correct cost report periods are used, and review supporting documentation for the numbers provided in the cost reports.
3. Modify the patient-volume worksheet to clarify the patient-volume calculation, review the patient-volume calculation for the hospitals not reviewed, and refund any overpayments identified.
4. Refund to the federal government \$3,250 in overpayments made to the 13 professionals, implement system edits to prevent payments that exceed threshold amounts, and ensure that personnel are knowledgeable about the EHR program requirements.
5. Work with CMS to ensure that the 13 professional incentive payments not posted to the NLR are posted, and establish a policy to reconcile the CMS-64 report to the NLR each quarter.

This audit is part of the OIG's overall 2014 work plan that includes continued scrutiny of the Medicare and Medicaid EHR Incentive Programs and corresponding payments. Several states, including Ohio, are currently undergoing similar audits. As part of these audits, eligible hospitals and eligible providers may be asked to provide financial information to support EHR incentive payments made by state Medicaid agencies and will be required to refund overpayments identified by the OIG.

# Authors

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