

Eli's Rehab Report

Fraud & Abuse: OIG Seeks Reduction of SNF Therapy Pay

Fight against fraud and abuse takes new turn.

Ultra-high therapy billing remains the Achilles' heel for skilled nursing facilities and the **HHS Office of Inspector General** (OIG) has it on its radar. The OIG recently released its April 2016 Compendium of Unimplemented Recommendations, which is essentially a list of especially significant recommendations that HHS has failed to act on. Many of the recommendations require specific action from the **Centers for Medicare & Medicaid Services** (CMS).

SNF Therapy Services Reimbursement Comes Under Fire

One of the more significant bombshells in the OIG's report for Medicare Parts A and B impacts skilled nursing facilities (SNFs). In the Compendium, the OIG once again charged that CMS should change the way Medicare pays SNFs for therapy services. Also, the OIG wants CMS to reduce payment rates for therapy.

"The OIG found that \$52 billion in costs could have been reduced if higher-category RUGs had not been used, and then recommended that CMS figure out a way to evaluate how Medicare payment rates for therapy could be adjusted and change the rate of therapy payments," explained **CMS Compliance Group Inc.** The OIG pointed out in its September 2015 report (see <http://oig.hhs.gov/oei/reports/oei-02-13-00610.pdf>) that SNFs billed for ultra-high therapy considerably more in the sampled timeframe even though resident characteristics didn't change much.

Impact: "Payment reform could save Medicare billions of dollars and encourage SNFs to provide services that are better aligned with beneficiaries' care needs," the OIG stated. "Long-standing concerns regarding Medicare's SNF payment system ... focus on SNF billing, the method of paying for therapy, and the extent to which Medicare payments exceed SNFs' costs."

In response, CMS said that although it agreed with the OIG's recommendation, it required additional statutory authority to address whether Medicare payment rates for therapy should be reduced. As for the recommendation to change the payment method for therapy, CMS said that it's conducting "a project to study and evaluate SNF therapy payment options."