



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**  
WASHINGTON, DC 20201



June 6, 2014

Report Number: A-01-14-00501

Ms. Karen Murray  
Vice President and Chief Compliance Officer  
Steward Health Care System  
500 Boylston Street, 5<sup>th</sup> Floor  
Boston, MA 02116

Dear Ms. Murray:

This informational report provides you with the consolidated results of our audits conducted at selected hospitals within the Steward Health Care System.<sup>1</sup> These hospitals include Good Samaritan Medical Center, Morton Hospital, St. Elizabeth's Medical Center, and Norwood Hospital (the Hospitals).

### **Why We Did These Reviews**

Prior Office of Inspector General (OIG) audits, investigations, and inspections identified certain payments to hospitals that are at risk for noncompliance with Medicare billing requirements. For calendar year (CY) 2012, Medicare paid hospitals \$148 billion, which represents 43 percent of all fee-for-service payments. This represents a significant portion of the Medicare program, and accordingly OIG has focused its oversight efforts in this area.

The objective of these reviews was to determine whether the Hospitals complied with Medicare requirements for billing inpatient and outpatient services on selected claims.

### **How We Conducted These Reviews**

The reviews covered a total of \$8,024,422 in Medicare payments to the Hospitals for 963 claims that we judgmentally selected as potentially at risk for billing errors. We focused our reviews on the risk areas that we had identified as a result of prior OIG reviews at other hospitals. We evaluated compliance with selected billing requirements and subjected 60 claims to focused medical review to determine whether the services were medically necessary. These prior reports focused on selected risk areas and did not represent an overall assessment of all claims submitted by the Hospitals for Medicare reimbursement.

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<sup>1</sup> Steward Health Care System is a community hospital network providing inpatient and outpatient services throughout Massachusetts.

## OIG Compliance Reviews of Hospitals Within the Steward Health Care System

Audit Title and Report Number	Report Issue Date	Hospital Location
<i>Medicare Compliance Review of Good Samaritan Medical Center for Calendar Years 2010 and 2011 (A-01-13-00501)</i>	February, 2014	Brockton, Massachusetts
<i>Medicare Compliance Review of Morton Hospital for Calendar Years 2010 and 2011 (A-01-13-00500)</i>	January, 2014	Taunton, Massachusetts
<i>Medicare Compliance Review of St. Elizabeth's Medical Center for Calendar Years 2010 and 2011 (A-01-12-00528)</i>	December, 2013	Brighton, Massachusetts
<i>Medicare Compliance Review of Norwood Hospital for the Period July 2008 Through June 2010 (A-01-11-00510)</i>	November, 2011	Norwood, Massachusetts

In each of our prior reviews, we recommended that the Hospitals refund the overpayments to the Medicare contractor and strengthen controls to ensure full compliance with Medicare requirements. The Hospitals concurred with most of our findings and recommendations and stated that they have developed corrective action plans to address the identified errors and improve controls.

### What We Found

The Hospitals complied with Medicare billing requirements for 249 inpatient and outpatient claims we reviewed. However, the Hospitals did not fully comply with Medicare billing requirements for the remaining 714 claims, resulting in overpayments of \$2,805,290. Specifically, 554 inpatient claims had billing errors, resulting in overpayments of \$2,613,855, and 160 outpatient claims had billing errors, resulting in overpayments of \$191,435. These errors occurred primarily because the Hospitals did not have adequate controls to prevent the incorrect billing of Medicare claims within the selected risk areas that contained errors.

Appendix A contains a summary of results by hospital. Appendixes B and C contain summaries of results by type of finding (inpatient and outpatient, respectively).

### Conclusion

We have provided this report to you for informational purposes. Please use these results in any corrective actions you may take to reduce Medicare overpayments for these Hospitals and others in your health care system. We appreciate the opportunity to provide you with these results.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this informational report will be posted at <https://oig.hhs.gov>.

Sincerely,

/Jeffrey Cohen/ for  
Brian P. Ritchie  
Assistant Inspector General  
for Audit Services

**APPENDIX A: RESULTS BY HOSPITAL**

			<b>Claims With Under/Over-payments</b>	<b>Value of Net Over-payments</b>
<b>Inpatient</b>	<b>Selected Claims</b>	<b>Value of Selected Claims</b>		
Good Samaritan	225	\$2,061,378	183	\$757,453
Morton	194	1,403,598	155	516,760
St. Elizabeth's	206	2,967,685	168	1,153,960
Norwood	123	1,127,042	48	185,682
<b>Inpatient Totals</b>	<b>748</b>	<b>\$7,559,703</b>	<b>554</b>	<b>\$2,613,855</b>
<b>Outpatient</b>				
Good Samaritan	37	\$117,426	29	\$82,614
Morton	27	76,931	23	31,691
St. Elizabeth's	76	193,033	57	55,976
Norwood	75	77,329	51	21,154
<b>Outpatient Totals</b>	<b>215</b>	<b>\$464,719</b>	<b>160</b>	<b>\$191,435</b>
<b>Inpatient and Outpatient Combined</b>				
Good Samaritan	262	\$2,178,804	212	\$840,067
Morton	221	1,480,529	178	548,451
St. Elizabeth's	282	3,160,718	225	1,209,936
Norwood	198	1,204,371	99	206,836
<b>Inpatient and Outpatient Totals</b>	<b>963</b>	<b>\$8,024,422</b>	<b>714</b>	<b>\$2,805,290</b>

**APPENDIX B: INPATIENT RESULTS OF REVIEWS BY TYPE OF FINDING**

<b>Good Samaritan</b>		<b>Morton</b>		<b>St. Elizabeth's</b>		<b>Norwood</b>	
Claims With Under/Overpayments	Value of Net Overpayments	Claims With Under/Overpayments	Value of Net Overpayments	Claims With Under/Overpayments	Value of Net Overpayments	Claims With Under/Overpayments	Value of Net Overpayments
<b>Incorrectly Billed as Inpatient</b>							
103	\$563,904	101	\$475,499	107	\$970,673	22	\$80,456
<b>Incorrectly Billed as Separate Inpatient Stays</b>							
25	165,399	2	11,441	22	114,601	11	51,086
<b>Incorrectly Billed Diagnosis-Related Group Codes</b>							
3	8,824	---	---	7	63,066	15	54,140
<b>Incorrect Discharge Status</b>							
5	13,895	2	24,926	---	---	----	----
<b>Incorrect Source-of-Admission Code</b>							
47	5,431	50	4,894	30	3,570	----	----
<b>Manufacturer Credit for a Replaced Medical Device Not Obtained</b>							
---	---	----	----	1	5,007	----	----
<b>Incorrect Provider Number Used</b>							
---	---	----	----	1	(2,957)	----	----
<b>Inpatient Totals</b>							
<b>183</b>	<b>\$757,453</b>	<b>155</b>	<b>\$516,760</b>	<b>168</b>	<b>\$1,153,960</b>	<b>48</b>	<b>\$185,682</b>

**APPENDIX C: OUTPATIENT RESULTS OF REVIEWS BY TYPE OF FINDING**

<b>Good Samaritan</b>		<b>Morton</b>		<b>St. Elizabeth's</b>		<b>Norwood</b>	
Claims With Under/Overpayments	Value of Net Overpayments	Claims With Under/Overpayments	Value of Net Overpayments	Claims With Under/Overpayments	Value of Net Overpayments	Claims With Under/Overpayments	Value of Net Overpayments
<b>Incorrect Billing for Dental Services</b>							
8	\$52,470	2	\$3,260	---	---	3	\$13,728
<b>Incorrectly Billed Charges</b>							
---	---	----	----	1	23,524	----	----
<b>Manufacturer Credits for Replaced Medical Devices Not Reported or Obtained</b>							
1	21,662	---	---	2	14,565	----	----
<b>Incorrectly Billed Outpatient Services Provided During Inpatient Stays</b>							
17	3,601	13	9,710	24	9,458	11	2,541
<b>Incorrectly Billed Number of Units</b>							
1	2,796	2	12,743	---	---	----	----
<b>Incorrectly Billed Services with Modifier -59</b>							
2	2,085	6	5,978	13	7,582	12	0
<b>Insufficiently Documented Services</b>							
---	---	----	----	8	391	9	1,307
<b>Incorrectly Billed Evaluation and Management Services</b>							
---	---	----	----	6	311	11	885
<b>Incorrect Healthcare Common Procedure System Codes</b>							
---	---	----	----	3	145	5	2,693
<b>Outpatient Totals</b>							
<b>29</b>	<b>\$82,614</b>	<b>23</b>	<b>\$31,691</b>	<b>57</b>	<b>\$55,976</b>	<b>51</b>	<b>\$21,154</b>