

Millions of Dollars in Overpayments Identified for ESRD Monthly Capitation Payments

Richard P. Kusserow | July 2021

CMS claims processing controls were inadequate.

An **audit** conducted by the Department of Health and Human Services Office of the Inspector General (OIG) indicates that Medicare monthly capitation payments (MCPs) for end-stage renal disease (ESRD) services were not consistently made in accordance with federal requirements.

An MCP is a monthly payment made to physicians for dialysis-related services provided to Medicare ESRD patients. Only one physician may receive an MCP for ESRD-related services provided to a Medicare beneficiary during a calendar month. Audits conducted by the Centers for Medicare and Medicaid Services (CMS) Recovery Audit Contractors (RACs) identified claims that reflected more than one MCP for ESRD-related services provided to individual beneficiaries during the same calendar month; the claims were therefore improperly paid.

The OIG's resulting audit spanned calendar years 2016 through 2018 and identified more than 23,000 claims for which physicians reported monthly ESRD-related billing codes more than once for individual beneficiaries. These claims resulted in millions of dollars in overpayments. The OIG found that CMS lacked adequate claims processing controls, including system edits, to identify and prevent these overpayments.

The OIG recommended that CMS direct the RACs to:

1. Recover funds for the identified improper claims;
2. Instruct the physicians to refund beneficiary cost-sharing amounts;
3. Conduct review to identify duplicate claims;
4. Notify physicians who may have received overpayments so they "can exercise reasonable diligence to identify, report, and return overpayments in accordance with the 60-day rule and identify any returned overpayments;" and
5. Implement improved claims processing controls to prevent and detect overpayments in the future.

For more information on this topic, please contact Richard Kusserow at rkusserow@strategicm.com.