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MEDICARE PAID TWICE FOR AMBULANCE SERVICES SUBJECT TO SNF CONSOLIDATED BILLING

SUMMARY

In a February 2019 report, No. A-01-17-00506, HHS Office of the Inspector General ("OIG") determined that Medicare made Part B payments to ambulance suppliers for transportation services that were covered through the Medicare Part A payments to skilled nursing facilities ("SNF") as part of consolidated billing requirements. With certain exceptions, the SNF Part A benefit includes medically necessary ambulance transportation provided during a SNF resident's covered Part A stay. In these situations, the ambulance supplier is supposed to look to the SNF for payment for these services. So, if an ambulance supplier bills Medicare Part B for ambulance services included in the SNF's Part A consolidated billing payment, Medicare pays for the same service twice—once to the SNF and again to the ambulance supplier.

For 78 of the 100 beneficiary days sampled for the time period July 1, 2014 through June 30, 2016, Medicare made Part B payments to the ambulance suppliers that were incorrect because they were covered under a SNF Part A stay. In other words, Medicare paid twice for the same transportation services because ambulance suppliers improperly billed Medicare for the transportation of SNF residents under a covered Medicare Part A stay (not subject to a consolidated billing exception) when they should have billed the SNF. Extrapolating from the sample error rate, OIG estimates $19.9 million in Part B overpayments to ambulance suppliers and $5.2 million in coinsurance and deductible liabilities related to the overpayments. To see the Report, go here.

CAUSE OF IMPROPER AMBULANCE SUPPLIER CLAIMS

- *Limited CWF Edits*. While Medicare has a mechanism to prevent or detect overpayments—all Medicare contractor claims are sent to CMS's Common Working File ("CWF") for verification, validation and payment authorization—the CWF edits were not designed to prevent or detect Part B overpayments for all transportation subject to consolidated billing. Specifically, the edits cannot detect ambulance services claims for transporting SNF residents to outpatient hospital or physician offices to receive nonemergency services –such claims are not covered Part B services.

- *Inadequate Controls at Ambulance Suppliers*. Ambulance suppliers did not obtain confirmation of the beneficiary's Part A SNF resident status from the SNFs before billing Medicare. Further, ambulance suppliers did not completely understand that transportation for some services such as x-rays and minor surgical procedures, did not suspend the beneficiaries' SNF resident status and thus were subject to consolidated billing under Part A only. Further, the ambulance suppliers did not contact third-party providers or the SNFs to confirm the nature of the services and whether they were excluded from consolidated billing.

OIG'S RECOMMENDATIONS TO CMS

OIG made the following recommendations to CMS with which it concurred.

- CMS should redesign the CWF edits to prevent Part B overpayments to ambulance suppliers for transportation services provided to Part A SNF stay beneficiaries—CMS commented that it is working to update the claim processing system to detect overpayments.

- CMS should instruct its contractors to recover identified overpayments within the four-year reopening period and to notify ambulance suppliers responsible for overpayments outside the reopening period to investigate and return identified overpayments in accordance with the 60-day repayment rule.

- CMS should direct its contractors to notify ambulance suppliers responsible for the remaining 57,906 non-sampled beneficiary days with potential overpayments of $19.9 million to investigate and return any identified overpayments in accordance with the 60-day repayment rule.

- CMS should provide guidance to ambulance suppliers on strengthening billing controls to ensure compliance with consolidated billing requirements and educate ambulance suppliers not to bill Medicare Part B for services they provide to beneficiaries in a covered Part A SNF stay *unless* the transportation is to receive services that either suspends or ends the beneficiaries' SNF resident status or is related to dialysis.

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PRACTICAL TAKEAWAYS

1. Ambulance suppliers should ensure that they are not billing Medicare Part B for transport services for beneficiaries during a SNF Part A stay unless they qualify for an exception.
2. Instead ambulance suppliers should look to the SNF for payment for these services to avoid double payment by Medicare.
3. Suppliers should be on the lookout for audits and further billing and claims process guidance related to this issue.

If you have any questions or would like more information on this topic, please contact:

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