COSMOS
Navigate the Compliance Universe

Report on Medicare Compliance Volume 31, Number 16. May 02, 2022 OIG: MA Plans Deny Payment for 18% of Medicare-Covered Services

By Nina Youngstrom

Medicare Advantage (MA) plans deny 13% to 18% of requests for prior authorization and payment for services that are covered by Medicare, and three of the most "prominent" types of denials are advanced imaging, post-acute care in skilled nursing facilities (SNFs) and inpatient rehabilitation facilities (IRFs), and injections, according to a new report from the HHS Office of Inspector General (OIG).[1] The services denied by the MA plans probably would have been approved if the beneficiaries were in original Medicare, OIG noted.

"Denying requests that meet Medicare coverage rules may prevent or delay beneficiaries from receiving medically necessary care and can burden providers," OIG said.

The report echoes complaints from compliance professionals, physician advisors and case managers who expend a lot of energy pushing back on MA and commercial payers. "Providers are not happy when they are denied payment for a service that was already provided, but for many of these MA denials where prior authorization was inappropriately denied and the patient did not receive the service, there are direct consequences for the patient's health and ability to recover fully from their illness," said Ronald Hirsch, M.D., vice president of R1 RCM. "There are patients' lives behind this."

But there's doubt the report will slow the flow of unfounded denials. "Unfortunately, I don't think the report is going to move the needle on that issue," said attorney Jeffrey Fitzgerald, with Polsinelli in Denver. "It's bad but it's not boiling-blood level bad. Providers who think they are getting nickel and dimed are probably getting nickel and dimed, but is that enough to get CMS to pay attention? I wish it would trigger CMS to do something better." He also is skeptical the figures will prompt congressional action. MA plans might say they were 87% compliant—"that's not perfect but it's not terrible." Fitzgerald noted that OIG audits of fee-for-service Medicare providers put some of them "kind of in the same range."

The difference is providers face consequences for their mistakes, Hirsch said. "When a provider gets audited and is found to have errors, they have money recouped, and that clearly spurs actions to change processes," Hirsch said. "In this case, there are no consequences for MA plans, no recoupments or extrapolations or penalties, so what is their incentive to improve?" In fact, in a 2018 report, OIG found that MA plans overturned about 75% of their own prior authorization and payment denials and that CMS cited more than half of audited MA contracts for "inappropriately denying prior authorization and payment requests," the new report said. OIG "recommended that CMS address persistent problems related to denials," but as of March 2022, the recommendations hadn't been implemented.

This document is only available to subscribers. Please log in or purchase access.

Purchase Login

Copyright © 2024 by Society of Corporate Compliance and Ethics (SCCE) & Health Care Compliance Association (HCCA). No claim to original US Government works. All rights reserved. Usage is governed under this website's Terms of Use.