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Hospital Settles CMP Case Over Device Credits; How Things Went Awry at Another Health System

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In a case about unreported medical device credits, Baptist Medical Center South in Alabama agreed to pay \$131,173 in a settlement with the HHS Office of Inspector General (OIG). The settlement covered claims submitted to both Medicare Part A and Medicare Advantage. This is an unusual risk area for an alleged fraud settlement, although not for an overpayment return, because of the many things that have to fall into place for compliance with Medicare's policy on payment reduction for devices replaced when hospitals receive full or partial credit from the manufacturer.

"It's a lot of work," said a compliance officer for an unrelated health system who recently was reminded that what isn't watched may not be working. "A good control to put in place is looking to see how many explants you have in a year." If the number has dropped considerably, it could be a sign your hospital is not tracking and reporting credits to Medicare.

The settlement with Baptist stemmed from its self-disclosure. OIG alleged the hospital knowingly retained overpayments for Parts A and C claims for items and services. From Sept. 18, 2015, through June 18, 2018, the hospital "failed to timely provide device warranty credit to Medicare," which subjects it to civil monetary penalties, according to the settlement, which was obtained through the Freedom of Information Act. The hospital, which didn't admit liability, had previously paid \$26,080 of the settlement amount to Medicare. It didn't respond to RMC's questions about the case by press time.

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