

## Report on Medicare Compliance Volume 29, Number 31. August 31, 2020 Extrapolation Takes a Hit in OIG Report; 'Inconsistency Is Disturbing'

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By Nina Youngstrom

A shadow has been cast on the extrapolation of Medicare overpayments in a new audit report<sup>[1]</sup> from the HHS Office of Inspector General (OIG). According to OIG, Medicare administrative contractors (MACs) and qualified independent contractors (QICs) weren't always consistent in the way they evaluate the extrapolation of overpayments during appeals of claim denials, which may affect the extrapolated amount.

“This is suggesting a lot of extrapolation may be improperly or at least inconsistently calculated, and extrapolation is where the real money is,” said San Francisco attorney Judy Waltz, with Foley & Lardner. “For a national program, consistency is obviously important, so the fact that there is such identified inconsistency is disturbing, particularly given the financial impact for providers and suppliers.”

Although extrapolation isn't applied every time, OIG noted that “due to the high volume of Medicare payments, CMS sometimes uses postpayment claim review in conjunction with statistical sampling to identify and recover overpayments made by the Federal Government to providers.”

Providers and suppliers may challenge the methodology of the statistical sampling and overpayment estimation when they appeal overpayment findings. MACs and QICs review extrapolated overpayments during Medicare's five-step appeal process. In the event providers win the appeal, they only have to pay the actual overpayment identified in the audit versus the extrapolated amount. Because that's usually a big-dollar difference, it's paramount for the process of reviewing extrapolations to be “fair and reasonably consistent,” OIG said.

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