



OIG Scrutiny of Hospital Outpatient Evaluation/Management Claims Billed to Medicare

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H.H.S.'s Office of Inspector General's yearly work plan was issued on January 31, 2014, which included numerous new and ongoing reviews and activities by OIG for the coming year. Among the new projects, OIG will review Medicare payments to hospitals for outpatient evaluation and management services that are billed at the "new patient" rate to determine whether the "new patient" designation was appropriately used, and will recommend recovery of overpayments.

The review is being undertaken because OIG's preliminary analysis determined that some hospitals billed for E/M services to established patients at the higher "new patient" rate (e.g., billing under CPT code 99203 (Office or other outpatient visit for the evaluation and management of a **new patient** - Level 3), instead of 99213 (Office or other outpatient visit for the evaluation and management of an **established patient** (Level 3)).

Beginning in 2009, the Federal Medicare Regulations have distinguished between "new" and "established" patients based on whether the patient has been registered as either an **inpatient or an outpatient** of the hospital in the prior 3 years:

A patient who has been registered as an inpatient or outpatient of the hospital within the 3 years prior to the visit would be considered to be an established patient for that visit, while a patient who has not been registered as an inpatient or outpatient of the hospital within the 3 years prior to the visit would be considered to be a new patient for that visit. (73 CFR 68679).

The OIG work plan forecasts that a report on this issue may be issued during FY 2014, suggesting future audits targeting providers. In advance of the report and potential audits, hospitals should proactively examine their billing of outpatient evaluation/management claims for compliance.

The OIG's FY 2014 Work Plan can be accessed online at: <http://oig.hhs.gov/reports-and-publications/archives/workplan/2014/Work-Plan-2014.pdf>.

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