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CLIENT ADVISORY

June 19, 2013

The OIG is Targeting Provider-Based Billing...is Your Hospital Compliant with the Rules?

In addition to many other audits and investigations, the Office of Inspector General ("OIG") is now targeting hospitals' compliance with Medicare's provider-based billing rules. In May, the OIG sent an "Information Request" to hospitals throughout the country seeking information about the hospitals' provider-based departments and billing practices. The Information Request asks for detailed information about billing practices for E/M services, physician compensation, and chain affiliation. Hospitals should complete the OIG's questionnaire with the advice of the compliance department and legal counsel, as responses could trigger further OIG scrutiny.

Provider-based billing is commonplace throughout the industry because hospital services are typically reimbursed at a higher rate than freestanding physician office services. Health reform has driven many hospitals to purchase freestanding physician practices and convert them to provider-based departments. Under the provider-based rules, a hospital may bill for services rendered at on or off-campus outpatient departments of the hospital, so long as the department meets certain criteria set forth at 42 C.F.R. § 413.65. While the provider-based rules are not new, this appears to be the first time that the OIG has launched a widespread investigation of hospitals' provider-based billing practices.

If your hospital has any questions or needs assistance in responding to an OIG Information Request, please contact Emily Towey (etowey@hdjn.com) or Colin McCarthy (cmccarthy@hdjn.com). They can be reached by phone at (866) 967-9604. Additional information about Hancock, Daniel, Johnson & Nagle, P.C. is available on the firm's website at www.hdjn.com.

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