



OIG ALERT

For Immediate Release
March 31, 2004

Office of Inspector General
330 Independence Ave., SW
Washington, D. C. 20201
Phone: (202) 619-1343

OIG ALERTS PHYSICIANS ABOUT ADDED CHARGES FOR COVERED SERVICES

Extra Contractual Charges Beyond Medicare's Deductible, Coinsurance: A Potential Assignment Violation

Acting Principal Deputy IG Dara Corrigan today reminds Medicare participating physicians of the potential liabilities posed by billing Medicare patients for services that are already covered by Medicare.

Medicare participating providers can charge Medicare beneficiaries extra for items and services that are not covered by Medicare.

Participating providers may also, of course, charge beneficiaries for any Medicare deductibles and coinsurance without violating the terms of their assignment agreements. But when participating providers request any other payment for covered services from Medicare patients they are liable for substantial penalties and exclusion from Medicare and other Federal health care programs.

“We are hearing reports about physicians asking patients to pay additional fees, and we believe this is an ideal time to remind physicians and Medicare patients about this potential liability. Charging extra fees for already covered services abuses the trust of Medicare patients by making them pay again for services already paid for by Medicare,” Corrigan said.

– MORE --

For example, the OIG recently alleged that a physician violated his assignment agreement when he presented to his patients -- including Medicare beneficiaries -- a “Personal Health Care Medical Care Contract” asking patients to pay an annual fee of \$600.

While the physician characterized the services to be provided under the contract as “not covered” by Medicare, the OIG alleged that at least some of these contracted services were already covered and reimbursable by Medicare. Among other services offered under this contract were the “coordination of care with other providers,” “a comprehensive assessment and plan for optimum health,” and “extra time” spent on patient care. OIG alleged that based on the specific facts and circumstances of this case, at least some of these contracted services were already covered and reimbursable by Medicare.

Therefore, OIG alleged that each contract presented to this physician’s Medicare patients constituted a request for payment for already covered services, other than the coinsurance and deductible, and was therefore a violation of the physician’s assignment agreement.

In order to resolve these allegations, the physician agreed to pay a settlement amount to OIG, and to stop offering these contracts to his patients.

“If participating physicians decide they want to charge patients additional fees they should be mindful that they are subject to civil money penalties if they request any payment for already covered services from Medicare patients other than the applicable deductible and coinsurance,” Corrigan said.

Note: A participating provider is a provider of Medicare covered items and services who agrees to accept the Medicare-approved charge for all covered services to Medicare patients. A participating provider “accepts assignment” for all Medicare-payable services. Non-participating providers may also be subject to penalties and exclusion for overcharging beneficiaries for covered services. This is true whether the provider accepts assignment for a given service or does not, in which case the provider’s charge is limited to the “limiting charge.”

#