UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
221 COURTLAND STREET, N.E.
ATLANTA, GEORGIA 30303

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MAR 9 1979

Ms. Virginia M. Smyth
Regional Administrator
Health Care Financing Administration
Department of Health, Education, and Welfare
101 Marietta Tower
Atlanta, Georgia 30303

~~DLG-00620~~ DLG-01417 Medicare Codes
HCFA: Region IV, Atlanta, GA

Dear Ms. Smyth:

We recently completed a survey of "Medicare Clinics" in Florida. As you know, the clinics have a high potential for over-utilization by Medicare eligibles; and we wanted to know whether controls are in place to monitor the situation and whether those controls are adequate. Our review indicated that, despite efforts to screen overuse, some beneficiary overutilization goes undetected.

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Generally, we found that HCFA Region IV and the Florida carriers--GHI and Blue Shield--are aware of the problem and are taking action to control it. For example, in November 1977, a Regional Intermediary Letter was issued to Region IV carriers alerting them to the problem with the clinics. Also, during our visits to GHI and Blue Shield, we noted that the carriers were subjecting physician billings from the clinics to special utilization review procedures.

However, our work at GHI and Blue Shield did disclose a potential weakness in the carriers' utilization controls. Specifically, beneficiary utilization screens for routine office visits may be set too high; consequently, certain beneficiary overutilization is possibly being overlooked. The utilization screens for routine office visits at both GHI and Blue Shield are 24 visits per year; yet nationally, Medicare eligibles who visit doctors make an average of only 6.3 visits per year. Thus, the screens are set at about 4 times the national average for such visits.

In sampling a number of beneficiaries who visited Medicare clinics in Florida, we found that they were claiming an average of about 20 visits per year. This utilization rate, while about 3 times the national average for such visits, is still considerably less than the screens at GHI and Blue Shield.

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The fact that beneficiary utilization of health services approaches or exceeds a utilization screen--regardless of what level is set--does not mean conclusively that overutilization has in fact occurred. For this reason, we submitted 10 typical beneficiary histories from our samples--5 from each carrier's service area--to one carrier's claims review committee, which is made up of practicing physicians who serve as consultants to the carrier. The committee members agreed unanimously that overutilization occurred for the services provided to 9 of the 10 beneficiaries reviewed and that services for 4 of the beneficiaries represented gross overutilization.

We appreciate the courtesy and cooperation extended us during our survey by HCFA Region IV officials and by GHI and Blue Shield. Also, we would appreciate being notified of any actions you may take with regard to the carriers' utilization review screens for routine office visits.

Sincerely yours,

Marvin Colbs
Regional Manager