



**DEPARTMENT OF HEALTH & HUMAN SERVICES      OFFICE OF INSPECTOR GENERAL**

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**Office of Audit Services  
Region II  
Jacob K. Javits Federal Building  
New York, New York 10278  
(212) 264-4620**

January 12, 2004

Our Reference: Report Number A-02-03-01026

Mr. Stephen W. Williams  
Senior Vice President  
Meadowlands Hospital Medical Center  
55 Meadowlands Parkway  
Secaucus, New Jersey 07096-1580

Dear Mr. Williams:

Enclosed are two copies of the Office of Inspector General report entitled "Review of Outpatient Cardiac Rehabilitation Services at Meadowlands Hospital Medical Center."

A copy of this report will be forwarded to the action official noted below for his review and any action deemed necessary.

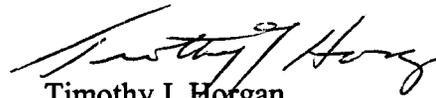
Final determinations as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), OIG, OAS reports issued to the Department's grantees and contractors are made available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See 45 CFR Part 5.)

Page 2 - Mr. Stephen W. Williams

To facilitate identification, please refer to Report Number A-02-03-01026 in all correspondence relating to this report.

Sincerely,



Timothy J. Horgan  
Regional Inspector General  
for Audit Services

Enclosures – as stated

**Direct Reply to HHS Action Official:**

Mr. James T. Kerr  
Regional Administrator  
Centers for Medicare & Medicaid Services, Region II  
U.S. Department of Health and Human Services  
26 Federal Plaza, Room 3811  
New York, New York 10278

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF OUTPATIENT CARDIAC  
REHABILITATION SERVICES AT  
MEADOWLANDS HOSPITAL  
MEDICAL CENTER**



**JANUARY 2004  
A-02-03-01026**

# *Office of Inspector General*

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## **EXECUTIVE SUMMARY**

### **BACKGROUND**

This review is part of a nationwide analysis of Medicare reimbursement for outpatient cardiac rehabilitation services. The analysis was requested by the Administrator of the Centers for Medicare & Medicaid Services (CMS) to determine the level of provider compliance with national Medicare outpatient cardiac rehabilitation policies.

Currently, CMS covers Phase II outpatient cardiac rehabilitation programs conducted in specialized, free-standing cardiac rehabilitation clinics and in outpatient hospital departments under the “incident to” benefit [§1861(s)(2)(A) of the Social Security Act]. Medicare coverage policy for cardiac rehabilitation services is found in §35-25 of the Medicare Coverage Issues Manual. Under 42 Code of Federal Regulations §482.24(b), the hospital must maintain a medical record for each inpatient and outpatient.

Outpatient cardiac rehabilitation is considered reasonable and necessary only for patients with a clear medical need, who are referred by their attending physicians, and have a documented Medicare covered diagnosis for cardiac rehabilitation. Services provided in connection with cardiac rehabilitation programs must be rendered under direct physician supervision and be “incident to” the professional services of a physician.

### **OBJECTIVE**

The overall objective of our review was to determine whether Medicare properly reimbursed Meadowlands Hospital Medical Center (Meadowlands) for outpatient cardiac rehabilitation services. Specifically, we determined whether:

- Meadowlands’s policies and procedures reflected Medicare cardiac rehabilitation coverage requirements for direct physician supervision, “incident to” services, and Medicare covered diagnoses.
- Payments to Meadowlands for outpatient cardiac rehabilitation services provided to Medicare beneficiaries during calendar year (CY) 2001 were for Medicare covered diagnoses, were supported by adequate documentation, and were otherwise allowable for reimbursement.

### **RESULTS OF REVIEW**

The Medicare Intermediary Manual (Intermediary Manual), §3112.4, states that the physician supervision requirement is generally assumed to be met for outpatient cardiac rehabilitation services provided on hospital premises. To comply with this requirement, Meadowlands relied on the program’s Medical Director, house physicians, the exercise area’s proximity to the Cardiac and Emergency Departments and the hospital’s emergency response procedures.

In addition, the Intermediary Manual, §3112.4, states that in order to be covered under the “incident to” benefit in an outpatient hospital department, services must be furnished as an integral, although incidental part of a physician’s professional service in the course of diagnosis or treatment of an illness or injury. That is, during any course of treatment rendered by auxiliary personnel, a physician must personally see the patient periodically and sufficiently often to assess the course of treatment and the patient’s progress and, where necessary, to change the treatment program. At Meadowlands, we were unable to identify the physician professional services to which the cardiac rehabilitation services were provided “incident to.” There was no documentation to indicate that a hospital physician personally saw patients to assess their response to the program and update treatment plans.

Medicare reimbursed Meadowlands \$11,680 for 706 cardiac rehabilitation services provided to 38 beneficiaries during CY 2001. Our analysis of the medical and billing records of 10 beneficiaries, who received 277 outpatient cardiac rehabilitation services totaling \$4,584 during CY 2001, showed that 103 services totaling \$1,703 for 8 beneficiaries did not meet Medicare criteria for reimbursement as follows:

- Ninety-nine services for four beneficiaries with documented diagnoses not covered for outpatient cardiac rehabilitation reimbursement under Medicare (\$1,637).
- Four services were not provided for four beneficiaries (\$66).

We attribute these questionable services to weaknesses in the hospital’s internal controls and oversight procedures. Existing controls and oversight procedures did not ensure that services were allowable for outpatient cardiac rehabilitation reimbursement under Medicare and actually provided.

Our determinations regarding Medicare covered diagnoses were based solely on our review of the medical record documentation. The medical records have not been reviewed by Medicare Fiscal Intermediary (FI) staff. We believe that the Medicare FI, Riverbend Government Benefits Administrator, should determine appropriate recovery action.

The results of our review will be included in a nationwide roll-up report of all outpatient cardiac rehabilitation providers reviewed.

## **RECOMMENDATIONS**

We recommend that Meadowlands:

- Work with its Medicare FI to ensure that Meadowlands’s outpatient cardiac rehabilitation program is being conducted in accordance with the Medicare coverage requirement for direct physician supervision and for services provided “incident to” a physician’s professional services.

- Work with its Medicare FI to establish the amount of repayment liability for services provided to beneficiaries that did not meet criteria for Medicare reimbursement.
- Strengthen internal controls and oversight activities to ensure that services were allowable for outpatient cardiac rehabilitation reimbursement under Medicare and were actually provided.

## **AUDITEE COMMENTS**

Meadowlands indicated that it had procedures in place to meet the requirements for direct physician supervision and “incident to” services. For direct supervision, the hospital asserted that the Medical Director, his associates and the house physician are aware of their coverage responsibility, and are available to respond urgently to rehabilitation if/when necessary. Regarding “incident to” services, Meadowlands acknowledged that there may have been lapses in their documentation, but believed that the Medicare requirements are vague and confusing. The hospital concurred with our findings regarding repayment of identified improper payments and strengthening of internal controls and oversight activities.

Meadowlands comments are summarized at the end of the Results of Review section of the report and are presented in their entirety as Appendix B.

## **OIG RESPONSES**

While we agree that Meadowlands had established procedures for the Medical Director and other hospital staff to respond to rehabilitation in an emergency, we could not conclude that this reliance on nearby physicians met the Medicare Coverage Issues Manual requirements for direct physician supervision. While we would also acknowledge that Medicare’s instructions regarding “incident to” services may be confusing, we were unable to identify the physician professional services to which the cardiac rehabilitation services were provided “incident to.” We also found no evidence of any hospital physician treating or assessing the patients during participation in the cardiac rehabilitation program, as required by Medicare guidelines.

We believe that Meadowlands should continue to work with its Medicare FI to ensure that its outpatient cardiac rehabilitation program is being conducted in accordance with the Medicare coverage requirement for direct physician supervision and for services provided “incident to” a physician’s professional services.

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## INTRODUCTION

### BACKGROUND

#### *Medicare Coverage*

The Medicare program, established by title XVIII of the Social Security Act (Act), provides health insurance to people aged 65 and over, the disabled, people with end stage renal disease, and certain others who elect to purchase Medicare coverage. The Medicare program is administered by the Centers for Medicare & Medicaid Centers (CMS). CMS currently covers Phase II outpatient cardiac rehabilitation programs conducted in specialized, freestanding cardiac rehabilitation clinics and in outpatient hospital departments under the “incident to” benefit (§1861(s)(2)(A) of the Act).

Medicare coverage policy for cardiac rehabilitation services is found in section §35-25 of the Medicare Coverage Issues Manual (Coverage Issues Manual). Under Medicare, outpatient cardiac rehabilitation is considered reasonable and necessary only for patients with a clear medical need, who are referred by their attending physicians, and (1) have a documented diagnosis of acute myocardial infarction within the preceding 12 months, (2) have had coronary artery bypass graft surgery, and/or (3) have stable angina pectoris. Under 42 Code of Federal Regulations §482.24(b), the hospital must maintain a medical record for each inpatient and outpatient. Services provided in connection with the cardiac rehabilitation program may be considered reasonable and necessary for up to 36 sessions, usually 3 sessions per week in a single 12-week period. Each cardiac rehabilitation session is considered to be one unit of service.

Cardiac rehabilitation is provided by nonphysician personnel, who are trained in both basic and advanced life support techniques and exercise therapy for coronary disease, under the direct supervision of a physician. Direct supervision means that a physician must be in the exercise area and immediately available and accessible for an emergency at all times the exercise program is conducted. It does not require a physician to be physically present in the exercise room itself. According to the Medicare Intermediary Manual (Intermediary Manual), §3112.4, the physician supervision requirement is generally assumed to be met where the services are performed on hospital premises.

In order to be covered under the “incident to” benefit in an outpatient hospital department, services must be furnished as an integral, although incidental part of the physician’s professional service in the course of diagnosis or treatment of an illness or injury. This does not mean that each occasion of service by a nonphysician need also be the occasion of the actual rendition of a personal professional service by the physician. However, during any course of treatment rendered by auxiliary personnel, the physician must personally see the patient periodically and sufficiently often to assess the course of treatment and the patient’s progress and, where necessary, to change the treatment program.

## ***Cardiac Rehabilitation Programs***

Cardiac rehabilitation consists of comprehensive programs involving medical evaluation, prescribed exercise, cardiac risk factor modification, education, and counseling. Cardiac rehabilitation programs are typically divided into three phases, as follows:

- Phase I. Phase I rehabilitation is initiated in the acute convalescent period following a cardiac event during the hospital phase of treatment. This phase of cardiac rehabilitation is considered part of the hospital stay and is covered as part of the Medicare diagnosis-related group allowance for the hospital stay.
- Phase II. Phase II begins with a physician's prescription (referral) after the acute convalescent period and after it has been determined that the patient's clinical status and capacity will allow for safe participation in an individualized progressive exercise program. This phase requires close monitoring and is directed by a physician who is on-site. Phase II outpatient cardiac rehabilitation is covered by Medicare.
- Phase III. Phase III begins after completion of Phase II and involves a less intensively monitored aerobic exercise program. Phase III level programs are considered maintenance and are not covered by Medicare.

Medicare reimburses outpatient hospital departments for cardiac rehabilitation services under the outpatient prospective payment system. Cardiac rehabilitation services are paid by a Medicare Fiscal Intermediary (FI) based on an ambulatory payment classification. The Medicare FI for Meadowlands is Riverbend Government Benefits Administrator. For Calendar Year (CY) 2001, Meadowlands provided 706 outpatient cardiac rehabilitation services to 38 Medicare beneficiaries and received \$11,680 in Medicare reimbursements for these services.

## **OBJECTIVE, SCOPE AND METHODOLOGY**

### ***Objective***

Our review is part of a nationwide analysis of Medicare reimbursement for outpatient cardiac rehabilitation services. The analysis was requested by the CMS Administrator to determine the level of provider compliance with Medicare coverage requirements for outpatient cardiac rehabilitation services. As such, the overall objective of our review was to determine whether Medicare properly reimbursed Meadowlands for outpatient cardiac rehabilitation services. Specifically, we determined whether:

- Meadowlands's policies and procedures reflected Medicare cardiac rehabilitation coverage requirements for direct physician supervision, "incident to" services, and Medicare covered diagnoses.

- Payments to Meadowlands for outpatient cardiac rehabilitation services provided to Medicare beneficiaries during CY 2001 were for Medicare covered diagnoses, were supported by adequate documentation, and were otherwise allowable for reimbursement.

### *Scope and Methodology*

To accomplish our audit objectives, we:

- Reviewed Meadowlands's current policies and procedures and interviewed staff to gain an understanding of Meadowlands's management of its outpatient cardiac rehabilitation program and the billing procedures for cardiac rehabilitation services.
- Compared Meadowlands's current policies and procedures for outpatient cardiac rehabilitation to national Medicare coverage requirements and identified any differences.
- Documented how Meadowlands's staff provided direct physician supervision for cardiac rehabilitation services and verified that the cardiac rehabilitation program personnel were qualified in accordance with Medicare requirements.
- Verified the availability of advanced cardiac life support equipment in the cardiac rehabilitation exercise area.
- For 10 beneficiaries, reviewed all Medicare paid claims totaling \$4,584 for 277 cardiac rehabilitation services provided by Meadowlands during CY 2001.
- For each of the 10 beneficiaries, compared reimbursement data and lines of service to Meadowlands's outpatient cardiac rehabilitation service documentation.
- Reviewed the medical records maintained by the cardiac rehabilitation program to determine whether services were provided "incident to" a physician's professional service.
- Verified the accuracy of the diagnoses identified on the Medicare claims to the beneficiaries' inpatient medical records, physician referrals and supporting medical records and outpatient cardiac rehabilitation documentation. The Medicare FI medical review staff did not review the medical records.
- Verified that Medicare did not reimburse Meadowlands beyond the maximum number of services allowed.

Our audit was conducted in accordance with generally accepted government auditing standards. In accordance with the intent of CMS's request for a nationwide analysis, we determined the extent to which providers were currently complying with existing

Medicare coverage requirements. We performed fieldwork during May 2003 at Meadowlands Hospital Medical Center, located in Secaucus, New Jersey.

## **RESULTS OF REVIEW**

The physician supervision requirement is generally assumed to be met in an outpatient hospital department. To comply with Medicare's requirement, Meadowlands relied on the program's medical director, house physicians, the exercise area's proximity to the Cardiac and Emergency Departments, and the hospital's emergency response procedures.

Contrary to current Medicare requirements, we could not identify the physician professional services to which the cardiac rehabilitation services were provided "incident to." There is no documentation to indicate that a hospital physician personally saw patients to assess their response to the program and update treatment plans.

Medicare reimbursed Meadowlands \$11,680 for 706 cardiac rehabilitation services provided to 38 beneficiaries during CY 2001. Our analysis of the medical and billing records of 10 beneficiaries, who received 277 outpatient cardiac rehabilitation services totaling \$4,584 during CY 2001, showed that 103 services totaling \$1,703 for 8 beneficiaries did not meet Medicare criteria for reimbursement as follows:

- Ninety-nine services for four beneficiaries with documented diagnoses not covered for outpatient cardiac rehabilitation reimbursement under Medicare (\$1,637).
- Four services were not provided for four beneficiaries (\$66).

We attribute these questionable services to weaknesses in the hospital's internal controls and oversight procedures. Existing controls and oversight procedures did not ensure that services were allowable for outpatient cardiac rehabilitation reimbursement under Medicare and actually provided.

The findings from our review of Medicare outpatient cardiac rehabilitation services are described in detail below.

## **PHYSICIAN INVOLVEMENT IN CARDIAC REHABILITATION**

### ***Direct Physician Supervision***

According to the Coverage Issues Manual, §35-25(A), the requirements for outpatient cardiac rehabilitation state that direct supervision means that a physician must be in the exercise program area and immediately available and accessible for an emergency at all times the exercise program is conducted. It does not require that a physician be physically present in the exercise room itself, provided the contractor does not determine that the physician is too remote from the patients' exercise area to be considered

immediately available and accessible. The physician supervision requirement is generally assumed to be met where the services are performed on hospital premises.

On a day-to-day basis, the hospital's cardiac rehabilitation program was staffed and run by registered nurses, exercise physiologists, and other support staff. According to written policies and procedures, an essential function of the program's Medical Director was to respond to emergencies in the cardiac rehabilitation unit. A clinical coordinator, who was a registered nurse, was responsible for daily supervision of the unit. The cardiac rehabilitation exercise room is physically located within the hospital and in close proximity to the Cardiac and Emergency Departments, and house physicians are available to respond to emergencies during the program's operating hours. In addition, the hospital's written policies and procedures include procedures for managing emergency situations.

Although the physician supervision requirement is generally assumed to be met in an outpatient hospital department, we believe that Meadowlands should work with the Medicare FI to ensure that the outpatient cardiac rehabilitation program specifically conforms to the direct supervision requirements.

#### ***“Incident To” Physician Services***

According to the Intermediary Manual, §3112.4, in order to be covered under the “incident to” benefit in an outpatient hospital department, services must be furnished as an integral, although incidental part of a physician's professional service in the course of diagnosis or treatment of an illness or injury. The benefit does not require that a physician perform a personal professional service on each occasion of service by a non-physician. However, during any course of treatment rendered by auxiliary personnel, the physician must personally see the patient periodically and sufficiently often to assess the course of treatment and the patient's progress and, where necessary, to change the treatment program.

At Meadowlands, we were unable to identify the physician professional services to which the cardiac rehabilitation services were provided “incident to.” In accordance with the hospital's policies and procedures, each patient referred to the outpatient cardiac rehabilitation program attended an initial assessment session conducted by the registered nurses. This session included, among other services, a focused physical assessment of the patient's condition and symptoms since discharge from the hospital, and a functional capacity assessment to help determine an individualized exercise prescription.

Based on the initial assessment, an individualized plan of care for exercise training that addresses the cardiac risk factor educational and counseling plan, psychosocial plan, discharge plan, and outcome measurement plan, was developed. Thereafter, the registered nurses performed ongoing assessments. These assessments included a determination based on new onset of signs/symptoms, blood pressure, and heart rate and rhythm.

From our review of the outpatient cardiac rehabilitation medical records, we were unable to locate evidence of any physician professional services rendered to the patients participating in the program. Although written policies and procedures indicate that the medical director's responsibilities included frequent rounds to the rehabilitation area and case reviews, there was no documentation to indicate that patients were seen to assess their response to the program and update treatment plans. Accordingly, we believe that the cardiac rehabilitation program did not meet the requirements to provide an "incident to" service. Meadowlands should work with the Medicare FI to ensure that the outpatient cardiac rehabilitation program specifically conforms to the "incident to" requirements.

## **MEDICARE COVERED DIAGNOSES AND CLAIMS REVIEW**

Medicare coverage considers cardiac rehabilitation services reasonable and necessary only for patients with a clear medical need, who are referred by their attending physician, and (1) have a documented diagnosis of acute myocardial infarction within the preceding 12 months, (2) have had coronary artery bypass graft surgery, and/or (3) have stable angina pectoris. Documentation for the services provided must be maintained in the patients' medical records.

Our review of the medical and billing records of 10 beneficiaries, who received 277 outpatient cardiac rehabilitation services totaling \$4,584 during CY 2001, showed that 103 services totaling \$1,703 for 8 beneficiaries did not meet Medicare criteria for reimbursement.

A summary of these questionable services is contained in Appendix A of this report.

### ***Medicare Covered Diagnoses<sup>1</sup>***

According to the Coverage Issues Manual, §35-25(A), services are considered reasonable and necessary for patients who 1) have a documented diagnosis of acute myocardial infarction within the preceding 12 months or 2) have had coronary artery bypass surgery and/or 3) have stable angina pectoris.

We identified 99 services totaling \$1,637 for four beneficiaries with documented diagnoses not covered for outpatient cardiac rehabilitation reimbursement under Medicare.<sup>2</sup> Whereas claims for three of the four beneficiaries were billed with a diagnosis of vein bypass, the medical records supported coronary artery disease for two beneficiaries and chronic obstructive pulmonary disease for the third beneficiary. For the fourth beneficiary, claims were billed with a diagnosis of stable angina; however, the medical records supported coronary artery disease and congestive heart failure.

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<sup>1</sup> Our determinations regarding Medicare covered diagnoses were based solely on our review of the medical records. Fiscal Intermediary staff has not reviewed the medical records.

<sup>2</sup> Four of these 99 services, provided to three of the four beneficiaries, were not provided.

The hospital's internal controls and oversight procedures did not ensure that the patients had a Medicare covered diagnoses supported by medical records.

### ***Services Not Provided***

According to the Coverage Issues Manual, §35-25(A) and (E), Medicare will reimburse providers for outpatient cardiac rehabilitation services provided by the outpatient department of a hospital or a physician-directed clinic. A visit that includes one or more of a range of routine services is considered as one routine cardiac rehabilitation visit.

We identified four services totaling \$66 for four beneficiaries that were not provided. The hospital was reimbursed for four sessions that were neither supported by the medical records nor accounted for in the sequence of cardiac rehabilitation session reports. The hospital's internal controls and oversight procedures did not ensure that services billed were actually provided. Hospital officials attribute these questionable services to data entry errors.

The results of our review will be included in a nationwide roll-up report of all outpatient cardiac rehabilitation providers reviewed.

## **RECOMMENDATIONS**

We recommend that Meadowlands:

- Work with its Medicare FI to ensure that Meadowlands's outpatient cardiac rehabilitation program is being conducted in accordance with the Medicare coverage requirement for direct physician supervision and for services provided "incident to" a physician's professional services.
- Work with its Medicare FI to establish the amount of repayment liability for services provided to beneficiaries that did not meet criteria for Medicare reimbursement.
- Strengthen internal controls and oversight activities to ensure that services were allowable for outpatient cardiac rehabilitation reimbursement under Medicare and actually rendered.

## **AUDITEE COMMENTS AND OIG RESPONSES**

Meadowlands, in its response dated November 6, 2003 (see Appendix B), disagreed with our finding on direct physician supervision and services provided "incident to" a physician's professional services. The hospital concurred with our findings regarding repayment of identified improper payments and strengthening of internal controls and oversight activities.

A summary of Meadowland's comments as well as the OIG responses to those comments is detailed below.

***Auditee Comments on Direct Physician Supervision***

Meadowlands officials believe their program meets the requirements for direct physician supervision. They assert that the Medical Director, his associates and the house physician are aware of their coverage responsibility, and are available to respond urgently to rehabilitation if/when necessary. The hospital also indicated that in response to our recommendation it has contacted its Medicare FI to ensure that the program is being conducted in accordance with Medicare requirements.

***OIG Response***

The Coverage Issues Manual, §35-25 requires that the services of nonphysician personnel be furnished under the direct supervision of a physician. While we agree that Meadowlands had established procedures for the Medical Director and other hospital staff to respond to rehabilitation in an emergency, we could not conclude that this reliance on nearby physicians met the Medicare Coverage Issues Manual requirements for direct physician supervision. We encourage continued discussions with the Medicare FI.

***Auditee Comments On "Incident To" Services***

Meadowlands officials believe that their program meets the intent of the "incident to" requirements for cardiac rehabilitation. However, they acknowledge that there may have been lapses in their documentation therein, and believe that the Medicare requirements are vague and confusing. The hospital indicated that, in response to our recommendation, it has contacted its Medicare FI to ensure that the program is being conducted in accordance with Medicare requirements. The hospital also indicated that it has designated the development of clear and consistent documentation a performance improvement priority for CY 2004.

***OIG Response***

According to the Intermediary Manual, §3112.4, in order to be covered under the "incident to" benefit in an outpatient hospital department, services must be furnished as an integral, although incidental part of a physician's professional service in the course of diagnosis or treatment of an illness or injury. During any course of treatment rendered by auxiliary personnel, the physician must personally see the patient periodically and sufficiently often to assess the course of treatment and the patient's progress and, where necessary, to change the treatment program. At Meadowlands, we were unable to identify the physician professional services to which the cardiac rehabilitation services were provided "incident to." We also found no evidence of any hospital physician treating or assessing the patients during participation in the cardiac rehabilitation

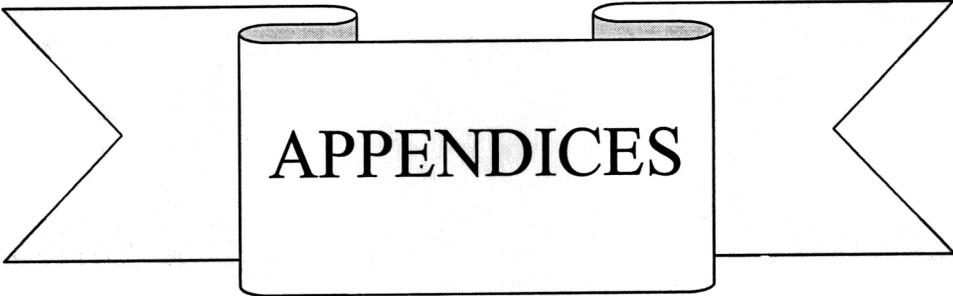
program. We believe Meadowlands should continue to work with its Medicare FI to determine how “incident to” services should be documented.

***Auditee Comments On Coding/Billing Errors***

Meadowlands officials concur with our findings regarding repayment of identified improper payments and strengthening of internal controls and oversight activities. The hospital also indicated that it was implementing corrective actions in response to our recommendations.

***OIG Response***

We are pleased that the hospital concurred with our findings regarding repayment of identified improper payments and strengthening of internal controls and oversight activities.



**APPENDICES**

SUMMARY OF QUESTIONABLE SERVICES

Total Medicare Reimbursement: \$11,680  
 Total Services Provided: 706  
 Total Beneficiaries: 38

Reviewed Medicare Reimbursement: \$4,584  
 Reviewed Services Provided: 277  
 Reviewed Beneficiaries: 10

Types of Questionable Services	Number of Beneficiaries with Questionable Services	Total Questionable Services	Total Reimbursement for Questionable Services
Services Not Provided	4	4	\$66
Medicare Covered Diagnoses	4	99	\$1,637
<b>Totals</b>	<b>8</b>	<b>103</b>	<b>\$1,703</b>

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MEADOWLANDS HOSPITAL  
MEDICAL CENTER

November 6, 2003

Mr. Timothy J. Horgan  
Regional Inspector General for Audit Services  
Department of Health & Human Services  
Office of Inspector General  
Office of Audit Services – Region II  
Jacob K. Javits Federal Bldg.  
New York, New York 10278

**Re: A-02-03-01026**

Dear Mr. Horgan,

Meadowlands Hospital Medical Center received the draft report, entitled Review of Outpatient Cardiac Rehabilitation Services at Meadowlands Hospital Medical Center, Secaucus, New Jersey. We have reviewed the findings and recommendations offered and thank you for the opportunity to respond. We wish to address three key areas cited in the report to clarify processes already in place and/or note changes initiated to further improve documentation of compliance:

**1. Direct Physician Supervision**

Meadowlands Hospital Medical Center believes that the multi-tiered plan for physician coverage of our Life Span cardiac rehabilitation program meets the requirement for “direct physician supervision”. A physician is immediately available in the exercise area at all times that the cardiac rehabilitation program is in operation. Either the program’s Medical Director or his partner cardiologists provide coverage during most of our program hours. The house physician, whose office is located in the same hallway as cardiac rehabilitation, provides back-up coverage at times when the Medical Director or his associate may not be personally present. Since the house physician is a medical officer, he is not responsible for invasive procedures and therefore is available to respond urgently to rehabilitation if/when needed. Both the Medical Director and the house physician(s) are aware of their coverage responsibility. Records of physician coverage are kept on file in Life Span. As you recommended, we have contacted Daniel Duvall MD, Medical Director for Riverbend, our Fiscal Intermediary (FI), to ensure that our program is being conducted in accordance with Medicare requirements.

**2. Incident To Physician Services**

Results of Review, page 4: *"We could not identify the physician professional services to which the cardiac rehabilitation services were provided "incident to". There is no documentation to indicate that a hospital physician personally saw patients to assess their response to the program and update treatment plans".*

Meadowlands Hospital Medical Center believes that the Life Span cardiac rehabilitation program meets the intent of "incident to" in both structure and operation. However, we acknowledge that we may be lacking in some charting components that clearly demonstrate program-physician connections. It is unclear to us, specifically, what documentation is required to be included in our charts to reflect performance of "incident to" functions. Our review of official descriptions of "incident to services" applicable to the audited timeframe were found to be vague and confusing, especially between interpretations provided in the Hospital Manual (230.4A) and those in the Intermediary Manual (3112.4A).

At Meadowlands Hospital Medical Center, each patient in the cardiac rehabilitation program is seen by his or her personal physician to provide clearance for rehabilitation referral. In addition, each patient undergoes an entry exercise stress test by their own physician or consulting cardiologist to further define medical guidelines for exercise participation. During rehabilitation participation, the patient is seen periodically by their physician (how often is determined by the physician on a case-by-case basis) to assess status and adjust their medical care including changes to rehabilitation treatments if/when indicated. The Meadowlands Hospital Medical Center cardiac rehabilitation medical director provides supplemental input regarding exercise specifics.

As you recommended, we will review our program-physician interactions with Dr. Daniel Duvall at Riverbend to assure that we have addressed appropriate documentation of "incident to" services. Additionally, the cardiac rehabilitation staff has made the development of clear and consistent paperwork to document physician involvement, a Performance Improvement (PI) priority for calendar 2004.

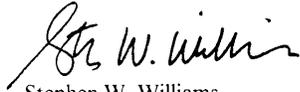
**3. Coding and Billing Errors**

We concur with the coding/billing errors identified in your report and have already processed paperwork to refund the amount indicated for services billed but not provided. The balance of payment for other items cited will follow if necessary. Meanwhile, we have reviewed and revised our coding/billing process and instituted a simplified two-step procedure to reduce potential errors. As your report recommended, we have improved internal controls as follows:

1. The department director has begun daily review of charging procedures to verify that the correct service, correct diagnosis, and correct date are entered for all cardiac rehabilitation services rendered.
2. We will schedule regular corporate internal audits to monitor the revised coding/billing process.

Thank you for your review and recommendations for improving the operation of the Life Span cardiac rehabilitation program at Meadowlands Hospital Medical Center. If you have any questions or are in need of additional documentation, please contact me at 201-392-3227.

Sincerely,



Stephen W. Williams  
Senior Vice President  
Meadowlands Hospital Medical Center