



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

MAY 5 2005

Region IX  
Office of Audit Services  
50 United Nations Plaza, Room 171  
San Francisco, CA 94102

Report Number: A-09-04-00044

Ms. Marilyn U. MacNiven-Young  
Executive Vice President, General Counsel and Corporate Secretary  
InSight Health Corp.  
26250 Enterprise Court, Suite 100  
Lake Forest, California 92630

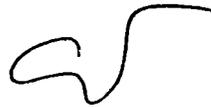
Dear Ms. MacNiven-Young:

Enclosed are two copies of the Department of Health and Human Services, Office of Inspector General (OIG) final report entitled "Review of Independent Diagnostic Testing Facility Services Performed by Garfield Imaging Center."

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

If you have any questions or comments concerning the matters commented on in this report, please do not hesitate to call Gordon Fickle, Audit Manager, at (415) 437-8341. Please refer to report number A-09-04-00044 in all correspondence.

Sincerely,



Lori A. Ahlstrand  
Regional Inspector General  
for Audit Services

Enclosures

**HHS Action Official:**

Mr. Jeff Flick  
Regional Administrator, Region IX  
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Department of Health and Human Services  
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San Francisco, California 94105

**Department of Health and Human Services**  
**OFFICE OF**  
**INSPECTOR GENERAL**

**REVIEW OF INDEPENDENT**  
**DIAGNOSTIC TESTING FACILITY**  
**SERVICES PERFORMED BY**  
**GARFIELD IMAGING CENTER**



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# ***Office of Inspector General***

**<http://oig.hhs.gov>**

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The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

## ***Office of Audit Services***

The OIG's Office of Audit Services (OAS) provides all auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations in order to reduce waste, abuse, and mismanagement and to promote economy and efficiency throughout the department.

## ***Office of Evaluation and Inspections***

The OIG's Office of Evaluation and Inspections (OEI) conducts short-term management and program evaluations (called inspections) that focus on issues of concern to the department, the Congress, and the public. The findings and recommendations contained in the inspections reports generate rapid, accurate, and up-to-date information on the efficiency, vulnerability, and effectiveness of departmental programs. The OEI also oversees State Medicaid fraud control units, which investigate and prosecute fraud and patient abuse in the Medicaid program.

## ***Office of Investigations***

The OIG's Office of Investigations (OI) conducts criminal, civil, and administrative investigations of allegations of wrongdoing in HHS programs or to HHS beneficiaries and of unjust enrichment by providers. The investigative efforts of OI lead to criminal convictions, administrative sanctions, or civil monetary penalties.

## ***Office of Counsel to the Inspector General***

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support in OIG's internal operations. The OCIG imposes program exclusions and civil monetary penalties on health care providers and litigates those actions within the department. The OCIG also represents OIG in the global settlement of cases arising under the Civil False Claims Act, develops and monitors corporate integrity agreements, develops compliance program guidances, renders advisory opinions on OIG sanctions to the health care community, and issues fraud alerts and other industry guidance.

# *Notices*

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## **THIS REPORT IS AVAILABLE TO THE PUBLIC** at <http://oig.hhs.gov>

In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), Office of Inspector General, Office of Audit Services reports are made available to members of the public to the extent the information is not subject to exemptions in the act. (See 45 CFR Part 5.)

## **OAS FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.



## **EXECUTIVE SUMMARY**

### **BACKGROUND**

Garfield Imaging Center LTD (Garfield Imaging) is a diagnostic imaging center in Monterey Park, CA. It is enrolled in the Medicare Program as an independent diagnostic testing facility (IDTF). IDTFs perform diagnostic procedures independent of a hospital or a physician's office. Physicians use IDTF diagnostic tests to evaluate and manage patients' specific medical problems.

Medicare Part B reimburses IDTFs for diagnostic services when the tests are performed by qualified personnel under physician supervision.

### **OBJECTIVE**

The audit objective was to determine whether diagnostic services provided by Garfield Imaging to Medicare beneficiaries were performed by qualified personnel under physician supervision pursuant to Medicare regulations and guidelines.

### **SUMMARY OF RESULTS**

Based on our statistical sample, we found that the diagnostic services Garfield Imaging provided to Medicare beneficiaries in calendar years 2002 and 2003 were performed by qualified personnel under physician supervision pursuant to Medicare regulations and guidelines.

However, during our review, we noted that Garfield inappropriately billed Medicare for diagnostic services ordered by chiropractors. This issue will be discussed in a separate report.

## **INTRODUCTION**

### **BACKGROUND**

Garfield Imaging is a diagnostic imaging center in Monterey Park, CA. It is enrolled in the Medicare Program as an IDTF. Garfield performs primarily computerized axial tomography and magnetic resonance imaging tests.

IDTFs perform diagnostic procedures independent of a hospital or a physician's office. Tests performed by IDTFs include neurological and neuromuscular tests, echocardiograms, cardiac monitoring, ultrasounds, pulmonary function tests, and nuclear medicine testing. Physicians use IDTF diagnostic tests to evaluate and manage patients' specific medical problems.

Medicare Part B reimburses IDTFs for diagnostic tests when the services satisfy certain criteria. Specifically, pursuant to 42 CFR § 410.33(c),

Any nonphysician personnel used by the IDTF to perform tests must demonstrate the basic qualifications to perform the tests in question and have training and proficiency as evidenced by licensure or certification by the appropriate State health or education department. In the absence of a State licensing board, the technician must be certified by an appropriate national credentialing body.

Furthermore, pursuant to 42 CFR § 410.33(b)(1),

An IDTF must have one or more supervising physicians who are responsible for the direct and ongoing oversight of the quality of the testing performed, the proper operation and calibration of the equipment used to perform tests, and the qualification of nonphysician personnel who use the equipment.

### **OBJECTIVE, SCOPE, AND METHODOLOGY**

#### **Objective**

The audit objective was to determine whether diagnostic services provided by Garfield Imaging to Medicare beneficiaries were performed by qualified personnel under physician supervision pursuant to Medicare regulations and guidelines.

#### **Scope**

We analyzed a stratified random sample of 100 claims (50 per calendar year) from the population of 3,916 Medicare Part B claims billed by Garfield Imaging during the 2-year period ended December 31, 2003, and paid by the Medicare Part B carrier.

We limited our review of internal controls to obtaining an understanding of how Garfield Imaging operated and whether it had controls to ensure that diagnostic tests were performed by qualified personnel under physician supervision.

We conducted fieldwork from May 2004 to January 2005, which included visits to Garfield Imaging.

### **Methodology**

To accomplish our objective, we:

- reviewed Medicare regulations and guidelines related to IDTF services;
- obtained from the Centers for Medicare & Medicaid Services National Claims History File all paid claims to Garfield Imaging for the period January 1, 2002, to December 31, 2003;
- interviewed Garfield Imaging representatives and obtained documentation for the sampled claims; and
- discussed the results of our audit with Garfield Imaging officials.

We conducted our audit in accordance with generally accepted government auditing standards.

### **RESULTS OF AUDIT**

Based on our statistical sample, we found that the diagnostic services Garfield Imaging provided to Medicare beneficiaries in calendar years 2002 and 2003 were performed by qualified personnel under physician supervision pursuant to Medicare regulations and guidelines.

However, during our review, we noted that Garfield inappropriately billed Medicare for diagnostic services ordered by chiropractors. This issue will be discussed in a separate audit report.