



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

Office of Audit Services
Region I
John F. Kennedy Federal Building
Boston, MA 02203
(617) 565-2684

May 29, 2001

CIN: A-01-01-00511

Mr. Mark C. Clement
Chief Executive Officer
Tenet MetroWest Healthcare System, LP (d/b/a MetroWest Medical Center)
115 Lincoln Street
Framingham, Massachusetts 01702-9167

Dear Mr. Clement:

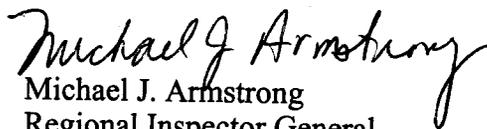
Enclosed are two copies of the U.S. Department of Health and Human Services, Office of Inspector General (OIG), Office of Audit Services' (OAS) report entitled "Review of Internal Control Procedures at Tenet MetroWest Healthcare System, LP (d/b/a MetroWest Medical Center) for the Administration of EPOGEN for Calendar Year 1999." A copy of this report will be forwarded to the action official noted on page 2 for his review and any action deemed necessary.

Final determination as to actions taken on all matters reported will be made by the HHS action official named on page 2. 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 (Public Law 90-23), 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.)

To facilitate identification, please refer to Common Identification Number A-01-01-00511 in all correspondence relating to this report.

Sincerely,


Michael J. Armstrong
Regional Inspector General
for Audit Services

Enclosures - as stated
cc: w/enclosure - Richard J. Haggerty, Medicare Coordinator, AHS

Page 2 - Mr. Mark C. Clement

Direct Reply to HHS Action Official:

Mr. George F. Jacobs II
Regional Administrator
Health Care Financing Administration - Region I
U.S. Department of Health and Human Services
Room 2325
JFK Federal Building
Boston, Massachusetts 02203

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF INTERNAL CONTROL
PROCEDURES AT TENET METROWEST
HEALTHCARE SYSTEM, LP
(d/b/a METROWEST MEDICAL CENTER)
FOR THE ADMINISTRATION OF EPOGEN
FOR
CALENDAR YEAR 1999**



**May 2001
A-01-01-00511**

Office of Inspector General

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

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:

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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.

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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.

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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. The OI also oversees State Medicaid fraud control units, which investigate and prosecute fraud and patient abuse in the Medicaid program.

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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 model compliance plans, renders advisory opinions on OIG sanctions to the health care community, and issues fraud alerts and other industry guidance.

EXECUTIVE SUMMARY

Background

Health Insurance for the Aged and Disabled (Medicare), Title XVIII of the Social Security Act, as amended, is a broad program of health insurance that is administered by the Health Care Financing Administration (HCFA). Medicare includes coverage for eligible persons suffering from kidney failure under its End Stage Renal Disease (ESRD) program. One type of coverage includes the use of EPOGEN (EPO), which is used as a substitute for the protein erythropoietin. The EPO stimulates the production and development of red blood cells. Low levels of erythropoietin often result in anemia, with symptoms including rapid heartbeat, chest pain, fatigue, and limitations in performance of daily activities.

The HCFA authorized Medicare contractors to pay for EPO as of June 1, 1989. Hospitals such as Tenet MetroWest Healthcare System, LP (d/b/a MetroWest Medical Center), hereinafter referred to as Tenet, provide EPO to chronic renal failure (CRF) and non-ESRD cancer patients. The Tenet EPO claims for CRF and non-ESRD cancer patients are submitted for services rendered and are reimbursed on an interim basis based on submitted charges. At year end, the hospital submits a cost report to the Medicare fiscal intermediary for final reimbursement.

Objective

The objective of our review was to determine whether Tenet has established adequate internal controls and procedures to ensure the claims submitted for the drug EPO are supported and billed in accordance with Medicare rules and regulations.

Summary of finding

Medicare regulations require that the medical record contain sufficient information to justify the diagnosis and treatment, including physician orders. These orders prescribe the number of units of EPO to be administered per treatment. We performed a one hundred percent review of 33 Medicare claims submitted by Tenet for beneficiaries that received over 90,000 units of EPO in a month during the period January 1, 1999 through December 31, 1999. In 19 out of the 33 claims reviewed (58%), we found reconciliation inconsistencies between the number of units of EPO prescribed in the physician order, administered by the facility to the patient and billed to the Medicare program. Tenet had not established adequate internal controls and procedures prior to processing and submitting Medicare claims. Tenet officials stated they have taken corrective action and revised their internal controls to ensure that future claims submitted for EPO will be supported and billed in accordance with Medicare rules and regulations.

Recommendations

We recommend that Tenet continue to strengthen its procedures to ensure the claims submitted for EPO are supported and billed in accordance with Medicare rules and regulations.

In its comments to our draft report, Tenet officials stated they will cooperate with the fiscal intermediary to effectuate any potential corrective action with respect to the claims identified in the Report.

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INTRODUCTION

BACKGROUND

Health Insurance for the Aged and Disabled (Medicare), Title XVIII of the Social Security Act, as amended, is a broad program of health insurance that is administered by the Health Care Financing Administration (HCFA). Medicare includes coverage for eligible persons suffering from kidney failure under its End Stage Renal Disease (ESRD) program. The latest options in the treatment of kidney disease include transplantation, hemodialysis and peritoneal dialysis. Transplantation involves the placement of a healthy kidney inside your body to do the work of your own kidneys. Hemodialysis is performed at a clinic usually three times a week and involves the cleansing of the blood through a dialysis machine operated by trained personnel. Peritoneal dialysis is performed independently at home after completing a successful training program.

The Food and Drug Administration approved the generic drug epoetin commonly known as EPO on June 1, 1989. The drug EPO is used as a substitute for the protein erythropoietin, which is secreted by the kidneys and stimulates the production and development of red blood cells. Low levels of erythropoietin often result in anemia with symptoms including rapid heartbeat, chest pain, fatigue, and limitations in performance of daily activities. Prior to the development of EPO, ESRD beneficiaries with low levels of erythropoietin required frequent blood transfusions, an expensive procedure that could have introduced significant medical risk.

The HCFA authorized Medicare contractors to pay for EPO as of June 1, 1989. Hospitals such as Tenet MetroWest Healthcare System, LP (d/b/a MetroWest Medical Center), hereinafter referred to as Tenet, also provide EPO to non-ESRD cancer patients. The EPO claims for non-ESRD cancer patients are submitted for services rendered and are reimbursed on an interim basis based on submitted charges. At year end, the hospital submits a cost report to the Medicare fiscal intermediary for final reimbursement.

Tenet is a healthcare system that provides community-based healthcare services to the 25-town MetroWest community through its acute care, community teaching hospitals and specialty clinics. The system includes Framingham Union Hospital, Leonard Morse Hospital, MetroWest Wellness Center, Southside Health Center, and MetroWest Hospice and Homecare.

OBJECTIVE, SCOPE AND METHODOLOGY

Our review was conducted in accordance with generally accepted government auditing standards. The objective of our review was to determine whether Tenet has established adequate internal controls and procedures to ensure the claims submitted for EPO are supported and billed in accordance with Medicare rules and regulations.

We limited consideration of the internal control structure to those controls concerning claims submission because the objective of our review did not require an understanding or assessment of the complete internal control structure of Tenet. We concluded, however, that our consideration of the internal control structure could be conducted more efficiently by expanding substantive audit tests, thereby placing limited reliance on Tenet's internal control structure.

To accomplish our objective, we:

- ◆ Researched applicable laws and regulations related to EPO.
- ◆ Performed a one hundred percent review of 33 Medicare claims submitted by Tenet for beneficiaries that received over 90,000 units of EPO in a month during the period January 1, 1999 through December 31, 1999.
- ◆ Reviewed the billing and medical records for the 33 claims to determine whether the EPO services billed were supported by the medical records. Billed charges associated with the EPO claims were reviewed and discussed with the HCFA, Associated Hospital Service (AHS), and Office of Inspector General (OIG) medical review staff to determine whether claims were erroneously billed. Our audit did not include review of the medical necessity of the EPO services billed.
- ◆ Interviewed appropriate Tenet, HCFA, and AHS officials concerning internal controls pertaining to the submission of Medicare claims for EPO.

Our field work was conducted from November 2000 to March 2001 at Tenet in Framingham, Massachusetts; AHS in Quincy, Massachusetts; the HCFA Regional office in Boston, Massachusetts; and the Boston Regional OIG office.

FINDING AND RECOMMENDATION

During calendar year 1999, Tenet submitted 33 claims with over 90,000 units of EPO administered to a beneficiary in a month for Medicare reimbursement. The total charge to Medicare for the 33 claims was \$125,126. As part of our audit, we reviewed beneficiaries' (1) physician written orders prescribing the number of units of EPO to be administered per patient treatment, (2) Tenet Epoetin Alpha Order Forms (treatment forms) to determine the amount of EPO administered per treatment, and (3) patient account records (billing records) to determine the number of units billed to the Medicare program. In 19 out of the 33 claims reviewed (58%), we found reconciliation inconsistencies between the number of units of EPO prescribed in the physician order, administered by the facility to the patient, and billed to the Medicare program.

The Hospital Manual Section 462 provides the following uniform instructions for completing Billing Form-1450:

"In order to be paid correctly and promptly, a bill must be completed accurately."

Our review of billing records found 15 claims where Tenet under (13) and over (2) billed EPO charges, as the billing records did not reconcile to the prescribed written physician order and treatment forms. For examples:

The Tenet billed for 200,000 units of EPO; however, the physician written orders prescribed 260,000 units of EPO and the Tenet staff noted on treatment forms that the patient was administered 260,000 units of EPO. Therefore, 60,000 units of EPO were underbilled the Medicare program.

The Tenet billed for 260,000 units of EPO; however, the physician written orders prescribed 240,000 units of EPO and the Tenet staff noted on treatment forms that the patient was administered 240,000 units of EPO. Therefore, 20,000 units of EPO were overbilled the Medicare program.

Our review of billing records found Tenet billed Medicare for EPO charges that were not supported by the prescribed written physician order contained in the medical record.

Title 42 Code of Federal Regulations Section 482.24(2)(vi) provides that "All records must document the following, as appropriate: ... All practitioners' orders, nursing notes, reports of treatment, medication records, radiology, and laboratory reports, and vital signs and other information necessary to monitor the patient's condition."

Our review of billing records found 3 claims where Tenet overbilled for EPO charges that were not supported by the prescribed written physician order and treatment forms. For example:

The Tenet billed for 240,000 units of EPO; however, the physician written orders prescribed 200,000 units of EPO and the Tenet staff noted on treatment forms that they administered 300,000 units of EPO to the patient. Therefore, 40,000 units of EPO were overbilled the Medicare program.

Our review of medical records found 1 claim where Tenet over billed for EPO charges that were not supported by the prescribed written physician order. For example:

The Tenet billed for 240,000 units of EPO and the treatment forms indicate Tenet staff administered 240,000 units of EPO to the patient; however, the physician written orders prescribed 160,000 units of EPO. Therefore, 80,000 units of EPO were overbilled the Medicare program.

The 19 claims were incorrectly billed because Tenet had not established adequate internal controls and procedures prior to processing and submitting Medicare claims. If the internal controls are not corrected, we are concerned that future claims submitted for EPO will not be supported and billed in accordance with Medicare rules and regulations. The results of our review will be provided to AHS for any potential corrective action.

We noted that Tenet began to strengthen its internal controls during our field work to ensure that future claims submitted for EPO will be supported and billed in accordance with Medicare rules and regulations.

RECOMMENDATION

We recommend that Tenet continue to strengthen its procedures to ensure that the claims submitted for EPO are supported and billed in accordance with Medicare rules and regulations.

AUDITEE RESPONSE

In its comments to our draft report, Tenet officials stated they will cooperate with the fiscal intermediary to effectuate any potential corrective action with respect to the claims identified in the Report (See Appendix).

APPENDIX

MetroWest Medical System

Framingham Union Hospital P.O. Box 9167 115 Lincoln Street Framingham, MA 01701-9167 tel: 508.383.1000	Leonard Morse Hospital 67 Union Street Natick, MA 01760-6095 tel: 508.650.7000
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May 21, 2001

Michael J. Armstrong
Regional Inspector General for Audit Services
John F. Kennedy Federal Building
Boston, MA. 02203

Re: Tenet MetroWest Healthcare System, LP (d/b/a MetroWest Medical Center)

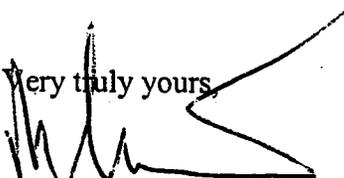
Dear Mr. Armstrong:

I have reviewed the draft report (hereinafter the "Report"), Review of Internal Control Procedures at Tenet MetroWest Medical Center for the Administration of Epogen for Calendar Year 1999, dated April, 2001. We wish to note the following inaccuracies. The legal entity for the hospital is "Tenet MetroWest Healthcare System, LP (d/b/a Metrowest Medical Center)".

With respect to the claims at issue, we will cooperate with the fiscal intermediary to effectuate any potential corrective action with respect to the claims identified in the Report. This, of course, would include any over billed and under billed claims. In addition, we will continue to assess, monitor and adjust our internal controls as necessary. Finally, we reserve all rights to a fair hearing and judicial review under article 1878 of the Social Security Act.

If you have any questions regarding the above, please do not hesitate to contact me.

Very truly yours,


Mark Clement
Chief Executive Officer

Cc: Craig Armin, Vice President, Tenet Healthcare Corp., Government Programs
Cheryl Wagonhurst, Esq., Tenet Healthcare Corp., Law Department
Doreen Thomas, Director of Oncology Services, MetroWest Medical Center

tenet