



Office of Audit Services, Region III  
Public Ledger Building, Suite 316  
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April 19, 2010

Report Number: A-03-10-10003

Mr. Richard Davis  
Chief Financial Officer  
The George Washington University Hospital  
900 23<sup>rd</sup> Street, N.W.  
Washington, DC 20037

Dear Mr. Davis:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Payments for Outpatient Lithotripsy Services Provided at The George Washington University Hospital, Washington, DC*. We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this 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.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at (215) 861-4470 or through email at [Stephen.Virbitsky@oig.hhs.gov](mailto:Stephen.Virbitsky@oig.hhs.gov), or contact Bernard Siegel, Audit Manager, at (215) 861-4484 or through email at [Bernard.Siegel@oig.hhs.gov](mailto:Bernard.Siegel@oig.hhs.gov). Please refer to report number A-03-10-10003 in all correspondence.

Sincerely,

/Stephen Virbitsky/  
Regional Inspector General  
for Audit Services

Enclosure

cc:

Shelly Foxworthy  
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**Direct Reply to HHS Action Official:**

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Department of Health & Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**PAYMENTS FOR OUTPATIENT  
LITHOTRIPSY SERVICES  
PROVIDED AT THE GEORGE  
WASHINGTON UNIVERSITY HOSPITAL,  
WASHINGTON, DC**



Daniel R. Levinson  
Inspector General

April 2010  
A-03-10-10003

# *Office of Inspector General*

<http://oig.hhs.gov>

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## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

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

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

Pursuant to Title XVIII of the Social Security Act (the Act), the Medicare program provides health insurance for people aged 65 and over and those who are disabled or have permanent kidney disease. The Centers for Medicare & Medicaid Services (CMS) administers the program.

Providers generate claims for outpatient services provided to Medicare beneficiaries. CMS guidance requires providers to bill accurately using the appropriate revenue codes and Healthcare Common Procedure Coding System (HCPCS) codes and to report the correct units of service performed. Revenue codes identify the cost center used on the hospital's annual cost report. CMS's outpatient prospective payment system uses the HCPCS code to identify and group services into an ambulatory payment classification group. Medicare fiscal intermediaries use CMS's outpatient prospective payment system to pay for outpatient hospital services on a rate-per-service basis using the ambulatory payment classification group assigned to each service. Generally, when providers bill for more than one surgical procedure on the same date of service, the system pays the first procedure at the maximum allowable payment and additional procedures at half the maximum allowable payment.

Extracorporeal Shock Wave Lithotripsy (lithotripsy) is a non-invasive method of treating kidney stones using a device called a lithotripter that uses acoustic shock waves generated outside the body to break up kidney stones in the upper urinary tract. Generally, providers bill for lithotripsy procedures using revenue code "0790" (extracorporeal shock wave therapy) and HCPCS code "50590" (lithotripsy).

The George Washington University Hospital (the hospital) is a 371-bed acute-care hospital located in the District of Columbia. During our audit period, Mutual of Omaha was the Medicare intermediary for the hospital. In 2005, Wisconsin Physicians Service Insurance Corporation became the hospital's intermediary. As the current intermediary for the hospital, Wisconsin Physicians is responsible for collecting overpayments for the hospital's claims.

### **OBJECTIVE**

Our objective was to determine whether payments received by the hospital from its intermediary were appropriate for outpatient lithotripsy services billed by the hospital.

### **SUMMARY OF FINDING**

The hospital received overpayments totaling \$31,839 for 39 hospital outpatient lithotripsy services. The hospital received these overpayments because it billed for the same lithotripsy service using multiple revenue codes.

## **RECOMMENDATIONS**

We recommend that the hospital:

- return the \$31,839 for the 39 lithotripsy overpayments and
- review claims with lithotripsy services paid by the intermediary after December 31, 2007, and return any overpayments identified.

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## **INTRODUCTION**

### **BACKGROUND**

Pursuant to Title XVIII of the Social Security Act (the Act), the Medicare program provides health insurance for people aged 65 and over and those who are disabled or have permanent kidney disease. The Centers for Medicare & Medicaid Services (CMS) administers the program.

#### **Medicare Fiscal Intermediaries**

CMS contracts with fiscal intermediaries to, among other things, process and pay Medicare Part B claims submitted by hospital outpatient departments (providers). The intermediaries' responsibilities include determining reimbursement amounts, conducting reviews and audits, and safeguarding against fraud and abuse. Federal guidance provides that intermediaries must maintain adequate internal controls over automatic data processing systems to prevent increased program costs and erroneous or delayed payments.

To process providers' claims, the intermediaries use the Fiscal Intermediary Standard System and CMS's Common Working File. These systems can detect certain improper payments during prepayment validation.

#### **Hospital Outpatient Prospective Payment System**

Providers generate claims for outpatient services provided to Medicare beneficiaries. CMS guidance requires providers to bill accurately using the appropriate revenue codes and Healthcare Common Procedure Coding System (HCPCS) codes and to report the correct units of service performed. Revenue codes identify the cost center used on the hospital's annual cost report. CMS's outpatient prospective payment system uses the HCPCS code to identify and group services into an ambulatory payment classification group. Intermediaries use CMS's outpatient prospective payment system to pay for outpatient hospital services on a rate-per-service basis using the ambulatory payment classification group assigned to each service. Generally, when providers bill for more than one surgical procedure on the same date of service, the system pays the first procedure at the maximum allowable payment and additional procedures at half the maximum allowable payment.

#### **Outpatient Lithotripsy Services**

Extracorporeal Shock Wave Lithotripsy (lithotripsy) is a non-invasive method of treating kidney stones using a device called a lithotripter that uses acoustic shock waves generated outside the body to break up kidney stones in the upper urinary tract. Generally, providers bill for lithotripsy procedures using revenue code "0790" (extracorporeal shock wave therapy) and HCPCS code "50590" (lithotripsy).

#### **The George Washington University Hospital**

The George Washington University Hospital (the hospital) is a 371-bed acute-care hospital located in the District of Columbia. George Washington University and Universal Health Services, Inc., a healthcare management company, jointly own the hospital. During our audit

period, Mutual of Omaha was the Medicare intermediary for the hospital. In 2005, Wisconsin Physicians Service Insurance Corporation became the hospital's intermediary. As the current intermediary for the hospital, Wisconsin Physicians is responsible for collecting overpayments for the hospital's claims.

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

### **Objective**

Our objective was to determine whether payments received by the hospital from its intermediary were appropriate for outpatient lithotripsy services billed by the hospital.

### **Scope**

We reviewed 37 payments totaling \$93,009 that the intermediary paid the hospital for 76 lithotripsy procedures from January 1, 2003, through December 31, 2007. We limited our review of the hospital's internal controls to those applicable to the lithotripsy claims because our objective did not require an understanding of all internal controls over the submission and processing of claims. Our review allowed us to establish reasonable assurance of the authenticity and accuracy of the data obtained from the National Claims History file, but we did not assess the completeness of the file.

We conducted fieldwork from November 2009 through February 2010. Our fieldwork included contacting the hospital.

### **Methodology**

To accomplish our objective, we:

- reviewed applicable Medicare laws, regulations, and guidance;
- used CMS's National Claims History file to identify claims paid for hospital outpatient lithotripsy services using more than one revenue code per day;
- contacted the hospital and requested that it determine whether the claims were overpayments and, if not, why the claims were not overpayments;
- reviewed documentation provided by the hospital; and
- discussed the overpayments with hospital personnel to determine why the overpayments occurred.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## FINDING AND RECOMMENDATIONS

The hospital received overpayments totaling \$31,839 for 39 hospital outpatient lithotripsy services. The hospital received these overpayments because it billed for the same lithotripsy service using multiple revenue codes.

### MULTIPLE LITHOTRIPSY SERVICES PAID

CMS's *Medicare National Coverage Determinations Manual*, Pub. No. 100-03, chapter 1, part 4, section 230.1 defines Extracorporeal Shock Wave Lithotripsy as a non-invasive method of treating kidney stones using a device called a lithotripter that uses shock waves generated outside the body to break up kidney stones in the upper urinary tract. CMS's *Medicare Claims Processing Manual*, Pub. No. 100-04, chapter 4, section 20.4, states: "The definition of service units ... is the number of times the service or procedure being reported was performed."

For 37 claims, the hospital billed and received payment for excessive treatments because the hospital billed Medicare at least twice for the same lithotripsy service. The hospital correctly billed the lithotripsy service using revenue code "0790" with HCPCS code "50590" and incorrectly billed for the same service using the operating room revenue code, "0360," with HCPCS code "50590." The hospital received \$93,009 for these lithotripsy services, rather than the allowable amount, \$61,170, resulting in overpayments totaling \$31,839.<sup>1</sup>

### HOSPITAL COMMENTS

In response to our audit inquiry, the hospital reviewed the 37 claims and agreed that the claims included duplicate lithotripsy charges. The hospital attributed the incorrect payments to an isolated problem that the hospital fully remedied. The hospital also identified two additional lithotripsy claims that Medicare paid from January 1, 2003, through December 31, 2007. However, these claims were not included in our review, as incorrectly reported in the hospital's response. Medicare denied one of the claims and adjusted the other claim correctly. The hospital's comments are included as the appendix.

### RECOMMENDATIONS

We recommend that the hospital:

- return the \$31,839 for the 39 lithotripsy overpayments and
- review claims with lithotripsy services paid by the intermediary after December 31, 2007, and return any overpayments identified.

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<sup>1</sup> The allowable amount is the amount the intermediary paid at the maximum allowable payment amount. The overpayment amount is the amount the intermediary paid at half the maximum allowable payment amount.

# **APPENDIX**

THE GEORGE  
WASHINGTON  
UNIVERSITY  
HOSPITAL



January 29, 2010

Bernard Siegel, Audit Manager  
Office of Audit Services, Region III  
Public Ledger Building, Suite 316  
150 S. Independence Mall West  
Philadelphia, PA 19106-3499

RE: Report Number A-03-10-1003 (George Washington University Hospital – Medicare  
Lithotripsy Coding Review)

Dear Mr. Siegel:

This letter responds to your letter dated November 17, 2009 which contained the results of an OIG audit of selected Medicare Lithotripsy claims and the potential overpayments identified during calendar years 2003 and 2004 for George Washington University Hospital (GWUH). The appropriate GWUH staff reviewed the 37 unique patient encounter numbers and the associated charges and coding related to your audit of lithotripsy cases at the George Washington University Hospital and with the exception of the two accounts noted below, I agree the claims included a duplicate CPT code 50590 and therefore are incorrect.

This duplication issue was an isolated problem that has been fully remedied by GWUH. As this OIG audit highlighted a potential CPT code duplication issue with Medicare lithotripsy cases, the GWUH business and HIM staffs initiated a broader review. While not material in amount, the GWUH review of subsequent years lithotripsy claims revealed additional potential duplication and those accounts are currently being reviewed by our HIM staff.

The two accounts identified by the OIG that require no repayment are:

1. Acct 108234659- The account was denied and charges were written off.
2. Acct 108997545- The account had multiple payment and take backs activity but ultimately the final payment was correct.

I have enclosed the supporting documentation for these two Medicare accounts for your review. The GWUH business office staff has initiated the rebilling process on the 35 errant accounts specifically related to this audit and will re-bill any of the additional claims we identified in our subsequent review as they are completed. We anticipate the re-bill process for all claims to be completed by the end of February 2010.

Please contact me if I can provide any other information related to this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Davis", is written over a white background.

Richard Davis  
Chief Financial Officer

RD:na