

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**MOUNT SINAI MEDICAL
CENTER INCORRECTLY BILLED
MEDICARE INPATIENT CLAIMS
WITH KWASHIORKOR**

*Inquiries about this report may be addressed to the Office of Public Affairs at
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**Stephen Virbitsky
Regional Inspector General**

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Office of Inspector General

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EXECUTIVE SUMMARY

Mount Sinai Medical Center incorrectly billed Medicare inpatient claims with Kwashiorkor, resulting in overpayments of \$11,000 over 3 years.

WHY WE DID THIS REVIEW

Kwashiorkor is a form of severe protein malnutrition. It generally affects children living in tropical and subtropical parts of the world during periods of famine or insufficient food supply. Cases in the United States are rare. The Medicare program provides health insurance coverage primarily to people aged 65 or older; however, for calendar years (CYs) 2010 and 2011, Medicare paid hospitals \$711 million for claims that included a diagnosis code for Kwashiorkor. Therefore, we are conducting a series of reviews of hospitals with claims that include this diagnosis code.

Our objective was to determine whether Mount Sinai Medical Center (the Hospital) complied with Medicare billing requirements for Kwashiorkor.

BACKGROUND

The Centers for Medicare & Medicaid Services (CMS) pays inpatient hospital costs at predetermined rates for patient discharges. The rates vary according to the diagnosis-related group (DRG) to which a beneficiary's stay is assigned and the severity level of the patient's diagnosis. The DRG payment is, with certain exceptions, intended to be payment in full to the hospital for all inpatient costs associated with the beneficiary's stay.

The Hospital, which is part of the Mount Sinai Health System, is a 1,171-bed tertiary-care teaching hospital located in New York, New York. The Hospital received \$3,005,732 in Medicare payments for inpatient hospital claims that included a diagnosis code for Kwashiorkor during our audit period (CYs 2010 through 2012). We reviewed all 35 of these claims.

WHAT WE FOUND

The Hospital did not comply with Medicare requirements for billing Kwashiorkor on any of the 35 claims that we reviewed. The Hospital used diagnosis code 260 for Kwashiorkor but should have used codes for other forms of malnutrition. For 32 of the inpatient claims, correcting the diagnosis code resulted in no change in the DRG payment. However, for the remaining three inpatient claims, the errors resulted in overpayments of \$11,308.

Hospital officials attributed these errors to a misinterpretation of the coding guidelines by their coding staff.

WHAT WE RECOMMEND

We recommend that the Hospital:

- refund to the Medicare program \$11,308 for the incorrectly coded claims and
- strengthen controls to ensure full compliance with Medicare billing requirements.

MOUNT SINAI MEDICAL CENTER COMMENTS AND OUR RESPONSE

In written comments, the Hospital agreed that 30 of the 35 claims that we reviewed were incorrectly billed with a diagnosis code for Kwashiorkor and described the action it planned to take to ensure appropriate assignment of diagnoses codes for malnutrition. The Hospital said that the documentation supported the diagnosis for Kwashiorkor for four of the remaining claims and that one claim was coded for severe malnutrition and did not have a diagnosis code for Kwashiorkor. However, changing the diagnosis code did not result in a change in the DRG payment for these five claims.

After reviewing the hospital's comments, we maintain that our findings are correct. The documentation showed that there was a physician's diagnosis that supported Severe Protein Calorie Malnutrition, not Kwashiorkor, for four claims and that the fifth claim also had the diagnosis code for Kwashiorkor.

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INTRODUCTION

WHY WE DID THIS REVIEW

Kwashiorkor is a form of severe protein malnutrition. It generally affects children living in tropical and subtropical parts of the world during periods of famine or insufficient food supply. Cases in the United States are rare. The Medicare program provides health insurance coverage primarily to people aged 65 or older; however, for calendar years (CYs) 2010 and 2011, Medicare paid hospitals \$711 million for claims that included a diagnosis code for Kwashiorkor. Therefore, we are conducting a series of reviews of hospitals with claims that include this diagnosis code.

OBJECTIVE

Our objective was to determine whether Mount Sinai Medical Center (the Hospital) complied with Medicare billing requirements for Kwashiorkor.

BACKGROUND

The Medicare Program

Medicare Part A provides inpatient hospital insurance benefits and coverage of extended care services for patients after hospital discharge. The Centers for Medicare & Medicaid Services (CMS) administers the Medicare program. CMS contracts with Medicare contractors to, among other things, process and pay claims submitted by hospitals.

Hospital Inpatient Prospective Payment System

CMS pays inpatient hospital costs at predetermined rates for patient discharges under the inpatient prospective payment system. The rates vary according to the diagnosis-related group (DRG) to which a beneficiary's stay is assigned and the severity level of the patient's diagnosis. The DRG payment is, with certain exceptions, intended to be payment in full to the hospital for all inpatient costs associated with the beneficiary's stay. The DRG and severity level are determined according to diagnoses codes established by the *International Classification of Diseases, Ninth Revision, Clinical Modification* (coding guidelines). The coding guidelines establish diagnosis code 260 for Kwashiorkor. Because Kwashiorkor is considered a high-severity diagnosis, using diagnosis code 260 may increase the DRG payment.

Mount Sinai Medical Center

The Hospital, which is part of the Mount Sinai Health System, is a 1,171-bed tertiary-care teaching hospital located in New York, New York. The Hospital received \$3,005,732 in Medicare payments for inpatient hospital claims that included diagnosis code 260 for Kwashiorkor during our audit period (CYs 2010 through 2012) based on CMS's National Claims History data.

HOW WE CONDUCTED THIS REVIEW

Our audit covered \$3,005,732 of Medicare payments to the Hospital for 35 claims that contained diagnosis code 260 for Kwashiorkor. We did not review managed care claims or claims that were under separate review. We evaluated compliance with selected Medicare billing requirements but did not use medical review to determine whether the services were medically necessary. This report does not represent an overall assessment of all claims submitted by the Hospital for Medicare reimbursement.

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 objectives.

See Appendix A for the details of our scope and methodology.

FINDING

The Hospital did not comply with Medicare requirements for billing Kwashiorkor on any of the 35 claims that we reviewed. The Hospital used diagnosis code 260 for Kwashiorkor but should have used codes for other forms of malnutrition. For 32 of the inpatient claims, correcting the diagnosis code resulted in no change in the DRG payment. However, for the remaining three inpatient claims, the errors resulted in overpayments of \$11,308.

Hospital officials attributed these errors to a misinterpretation of the coding guidelines by their coding staff.

FEDERAL REQUIREMENTS AND GUIDANCE

Medicare payments may not be made for items and services that “are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member” (The Social Security Act (the Act), § 1862(a)(1)(A)). In addition, the Act precludes payment to any provider of services or other person without information necessary to determine the amount due the provider (§ 1833(e)).

In addition, the *Medicare Claims Processing Manual* requires providers to complete claims accurately so that Medicare contractors may process them correctly and promptly (Pub. No. 100-04, chapter 1, § 80.3.2.2).

INCORRECT USE OF THE DIAGNOSIS CODE FOR KWASHIORKOR

The Hospital did not comply with Medicare billing requirements for Kwashiorkor on any of the 35 claims that we reviewed, resulting in overpayments of \$11,308. The coding guidelines establish diagnosis code 260 for Kwashiorkor. However, our review of the documentation provided did not support the billing of this diagnosis code. For 32 of the inpatient claims, the

Hospital included multiple diagnosis codes, at least one of which had a similar or greater severity level. Therefore, removing diagnosis code 260 or replacing it with a more appropriate diagnosis code resulted in no change in the DRG payment. However, for the remaining three inpatient claims, the errors resulted in overpayments of \$11,308. Hospital officials attributed these errors to a misinterpretation of the coding guidelines by their coding staff.

RECOMMENDATIONS

We recommend that the Hospital:

- refund to the Medicare program \$11,308 for the incorrectly coded claims and
- strengthen controls to ensure full compliance with Medicare billing requirements.

MOUNT SINAI MEDICAL CENTER COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments, the Hospital agreed that 30 of the 35 claims that we reviewed were incorrectly billed with a diagnosis code for Kwashiorkor and described the action it planned to take to ensure appropriate assignment of diagnoses codes for malnutrition. The Hospital said that the documentation supported the diagnosis for Kwashiorkor for four of the remaining claims and that one claim was coded for severe malnutrition and did not have a diagnosis code for Kwashiorkor. However, changing the diagnosis code did not result in a change in the DRG payment for these five claims. The Hospital's comments are included as Appendix B.

After reviewing the hospital's comments, we maintain that our findings are correct. The documentation showed that there was a physician's diagnosis that supported Severe Protein Calorie Malnutrition, not Kwashiorkor, for four claims and that the fifth claim also had the diagnosis code for Kwashiorkor.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit covered \$3,005,732 in Medicare payments to the Hospital for 35 inpatient claims that contained diagnosis code 260 for Kwashiorkor during the period January 1, 2010, through December 31, 2012. We did not review managed care claims or claims that were under separate review.

We limited our review of the Hospital's internal controls to those applicable to the coding of inpatient hospital claims because our objective did not require an understanding of all internal controls over the submission and processing of claims. We evaluated compliance with selected Medicare billing requirements, but did not use medical review to determine whether the services were medically necessary. We established 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.

This report does not represent an overall assessment of all claims submitted by the Hospital for Medicare reimbursement.

We conducted our review from September through December 2013.

METHODOLOGY

To accomplish our objective, we:

- reviewed Federal laws, regulations, and guidance;
- extracted the Hospital's inpatient paid claims data from CMS's National Claims History file for the audit period;
- selected all paid claims that included the diagnosis code for Kwashiorkor (260);
- removed all managed care claims and any claims that were previously reviewed by a Recovery Audit Contractor;
- reviewed available data from CMS's Common Working File for the selected claims to determine whether the claims had been cancelled or adjusted;
- repriced each selected claim in order to verify that the original payment by the CMS contractor was made correctly;
- requested that the Hospital conduct its own review of the 35 claims to determine whether the diagnosis code for Kwashiorkor was used correctly;

- reviewed the medical record documentation that the Hospital provided to support other malnutrition diagnoses;
- discussed the incorrectly coded claims with Hospital officials to determine the underlying causes of noncompliance with Medicare requirements;
- calculated the correct payments for those claims requiring adjustments; and
- discussed the results of our review with Hospital officials.

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 objectives.

APPENDIX B: MOUNT SINAI MEDICAL CENTER COMMENTS



Mount
Sinai

**Health Information Management/
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November 26, 2013

Report Number A-03-13-00028

Stephen Virbitsky
Regional Inspector General for Audit Services
Office of Audit Services, Region III
Public Ledger Building, Suite 316
150 S. Independence Mall West
Philadelphia, PA 19106

Dear Mr. Virbitsky:

This is a follow-up to your letter of September 11, 2013, sent to Frank Cino, Sr. Vice President and Chief Risk Officer of Mount Sinai Medical Center in regards to the billing of MSMC claims with the diagnosis code 260-Kwashiorkor.

Your review of MSMC's Medicare claims during calendar years 2010 through 2012 found 35 claims with the diagnosis of Kwashiorkor. On 28 of 35 claims the Kwashiorkor diagnosis did not affect payment for the claim, but on 7 of 35 it increased payment.

On October 10, 2013, we sent a response addressing the 7 of 35 claims with the diagnosis of Kwashiorkor that you believed resulted in overpayment to Mount Sinai in the amount of \$68,119. We agreed that Kwashiorkor was not documented on 5 of 7 cases, but that other severe malnutrition diagnoses supported assignment of codes 261 or 262 which groups the claims to the original DRGs and would not result in overpayment.

On November 1, 2013, we received preliminary email communication from your office that on 4 of the 7 claims you agreed to replace code 260 with code 262-Severe Malnutrition, which did not change the DRG payment. On the remaining 3 claims you replaced code 260 with mild or moderate malnutrition codes which resulted in overpayment of \$11,308. Please note that upon further review, we are accepting your determination on these three cases.

We have also completed the review of the 28 cases where Kwashiorkor diagnosis did not affect the payment received by MSMC. The results of this review are as follows:

- 24 claims had the ICD-9-CM code 260 for Kwashiorkor incorrectly assigned. Supporting documentation was found for the diagnoses of either Nutritional Maramus /Severe Malnutrition (ICD-9-CM code 261), or Other Severe Protein-Calorie Malnutrition (ICD-9-CM code 262)
- 4 claims contained supporting documentation for the diagnosis of Kwashiorkor and therefore code 260 was correctly applied and billed.
- 1 claim did not show ICD code 260 for Kwashiorkor in our coding/billing systems. Code 263.9 was assigned for the documented diagnosis of protein calorie malnutrition.

Enclosed please find a listing of the 28 claims and brief rationale for our findings. We are also submitting copies of the entire medical records to substantiate the results of our review.

As previously noted, the results of this audit will be shared with our coding staff to ensure appropriate assignment of Malnutrition diagnoses codes.

Thank you for your review and response to our findings.

Sincerely,

/Grethel Escobar-Marks, RHIA/

Director, Health Information Management

cc: Frank Cino
Tracy Davis

Enclosure