



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Inspector General

Office of Audit Services
1100 Commerce, Room 632
Dallas, Texas 75242

January 23, 2009

Report Number: A-06-08-00083

Ms. Letha Schwertner
Risk Manager and Compliance Officer
San Angelo Community Medical Center
3501 Knickerbocker Road
San Angelo, Texas 76904

Dear Ms. Schwertner:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Review of Oxaliplatin Billing at San Angelo Community Medical Center for Calendar Year 2004." 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.

Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, OIG reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5). Accordingly, this report will be posted on the Internet at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Warren Lundy, Audit Manager, at (405) 605-6183 or through e-mail at Warren.Lundy@oig.hhs.gov. Please refer to report number A-06-08-00083 in all correspondence.

Sincerely,

A handwritten signature in black ink that reads "Gordon L. Sato".

Gordon L. Sato
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Ms. Nanette Foster Reilly, Consortium Administrator
Consortium for Financial Management & Fee for Service Operations
Centers for Medicare & Medicaid Services
601 East 12th Street, Room 235
Kansas City, Missouri 64106

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF OXALIPLATIN
BILLING AT SAN ANGELO
COMMUNITY MEDICAL CENTER
FOR CALENDAR YEAR 2004**



Daniel R. Levinson
Inspector General

January 2009
A-06-08-00083

Office of Inspector General

<http://oig.hhs.gov>

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 Office of Audit Services (OAS) provides 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. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

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Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, Office of Inspector General reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5).

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 Medicare program provides health insurance for people age 65 and over and those who are disabled or have permanent kidney disease. The Balanced Budget Act of 1997, P.L. 105-33, authorized the implementation of an outpatient prospective payment system (OPPS) effective August 1, 2000. Under the OPPS, Medicare makes additional temporary payments, called transitional pass-through payments, for certain drugs, biologicals, and devices.

Oxaliplatin is a chemotherapy drug used to treat colorectal cancer. Outpatient hospitals received transitional pass-through payments for oxaliplatin furnished to Medicare beneficiaries from July 1, 2003, through December 31, 2005. Medicare required hospitals to bill one service unit for each 5 milligrams of oxaliplatin that a beneficiary received.

San Angelo Community Medical Center (San Angelo) is an acute-care hospital in San Angelo, Texas, that has 162 Medicare-certified beds. We reviewed oxaliplatin payments to San Angelo for services provided to Medicare beneficiaries during calendar year (CY) 2004.

OBJECTIVE

Our objective was to determine whether San Angelo billed Medicare for oxaliplatin in accordance with Medicare requirements.

SUMMARY OF FINDING

San Angelo did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, the hospital billed for 10 times the number of units that were actually administered on all nine outpatient claims that we reviewed. San Angelo received overpayments totaling \$233,488 for the excessive oxaliplatin units that it billed during CY 2004. The overpayments resulted from confusion related to the existence of two oxaliplatin codes that had different billing unit sizes.

RECOMMENDATIONS

We recommend that San Angelo:

- return the \$233,488 in overpayments to the fiscal intermediary and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

SAN ANGELO COMMENTS

In its comments on our draft report, San Angelo concurred with our finding. San Angelo's comments are included in their entirety as the Appendix. However, we omitted the enclosures San Angelo provided with its comments because they contained personally identifiable information.

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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 age 65 and over and those who are disabled or have permanent kidney disease. The Centers for Medicare & Medicaid Services (CMS) administers the program.

Outpatient Prospective Payment System

The Balanced Budget Act of 1997, P.L. 105-33, authorized the implementation of an outpatient prospective payment system (OPPS) for hospital outpatient services furnished on or after August 1, 2000.

Under the OPPS, Medicare payments for most outpatient services are based on ambulatory payment classifications, which generally include payments for drugs billed as part of a service or procedure. However, Medicare makes additional temporary payments, called transitional pass-through payments, for certain drugs, biologicals, and devices. Medicare established a timeframe of at least 2 years but no more than 3 years for providing these additional payments for a given drug, biological, or device.

Oxaliplatin

Oxaliplatin is a chemotherapy drug used to treat colorectal cancer. Outpatient hospitals received transitional pass-through payments for oxaliplatin furnished from July 1, 2003, through December 31, 2005. Medicare required hospitals to bill one service unit for each 5 milligrams of oxaliplatin that a beneficiary received using the Healthcare Common Procedure Coding System (HCPCS) code C9205.

San Angelo Community Medical Center

San Angelo Community Medical Center (San Angelo) is an acute-care hospital in San Angelo, Texas, that has 162 Medicare-certified beds. San Angelo's Medicare claims are processed and paid by TrailBlazer Health Enterprises, LLC, the fiscal intermediary for Texas.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether San Angelo billed Medicare for oxaliplatin in accordance with Medicare requirements.

Scope

We reviewed nine claims and the resulting nine payments totaling \$254,446 that Medicare made to San Angelo for oxaliplatin furnished to hospital outpatients during calendar year (CY) 2004.

We limited our review of San Angelo's internal controls to those applicable to billing for oxaliplatin services because our objective did not require an understanding of all internal controls over the submission of claims. Our review allowed us to establish reasonable assurance of the authenticity and accuracy of the information obtained from the CMS claim data for CY 2004, but we did not assess the completeness of the data.

We performed our audit work from August to November 2008.

Methodology

To accomplish our objective, we:

- reviewed applicable Medicare laws, regulations, and guidance;
- used CMS's claim data for CY 2004 to identify Medicare claims for which San Angelo billed at least 100 units of oxaliplatin services under HCPCS code C9205 and received Medicare payments for those units that were greater than \$2,000;
- contacted San Angelo to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from San Angelo that supported the identified claims; and
- repriced incorrectly billed services using ambulatory payment classification groups payment information for the billed HCPCS.

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 finding and conclusions based on our audit objective.

FINDING AND RECOMMENDATIONS

San Angelo did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, the hospital billed for 10 times the number of units that were actually administered on all nine outpatient claims that we reviewed. San Angelo received overpayments totaling \$233,488 for the excessive oxaliplatin units that it billed during CY 2004. The overpayments resulted from confusion related to the existence of two oxaliplatin codes that had different billing unit sizes.

MEDICARE REQUIREMENTS

When hospitals submit Medicare claims for outpatient services, they must report the HCPCS codes that describe the services provided, as well as the service units for these codes. The "Medicare Claims Processing Manual," Publication 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.” In addition, chapter 1, section 80.3.2.2, of this manual states: “In order to be processed correctly and promptly, a bill must be completed accurately.”

CMS Transmittal A-03-051, Change Request 2771, dated June 13, 2003, instructed outpatient hospitals to bill for oxaliplatin using HCPCS code C9205 to allow a transitional pass-through payment under the OPPI. The description for HCPCS code C9205 is “injection, oxaliplatin, per 5 [milligrams].” Therefore, for each 5 milligrams of oxaliplatin administered to a patient, outpatient hospitals should bill Medicare for one service unit.

MISCALCULATION OF BILLING UNITS

San Angelo billed for 10 times the correct number of units on all nine claims for oxaliplatin furnished to Medicare beneficiaries during CY 2004. During 2004, the HCPCS listed J9263 as another code for oxaliplatin services. The additional code, which had a billing unit of 0.5 milligrams, caused confusion. San Angelo calculated the number of units it billed to Medicare for the nine claims based on 0.5 milligrams of oxaliplatin rather than the appropriate 5 milligrams in HCPCS code C9205. Due to this billing unit error, San Angelo received overpayments totaling \$233,488 for oxaliplatin furnished to hospital outpatients during CY 2004.

RECOMMENDATIONS

We recommend that San Angelo:

- return the \$233,488 in overpayments to the fiscal intermediary and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

AUDITEE COMMENTS

In its comments on our draft report, San Angelo concurred with our finding. San Angelo’s comments are included in their entirety as the Appendix. However, we omitted the enclosures San Angelo provided with its comments because they contained personally identifiable information.

APPENDIX



December 15, 2008

VIA FED EX OVERNIGHT DELIVERY

Gordon L. Sato
Regional Inspector General for Audit Services
DHHS Office of Inspector General Office of Audit Services
1100 Commerce, Room 632
Dallas, TX 75242

Re: Draft Report A-06-08-00083

Dear Mr. Sato,

I am writing on behalf of San Angelo Community Medical Center to respond to the December 4th letter related to the above referenced draft report. We also acknowledge that your office graciously provided an extension until December 15, 2008 to respond to the OAS draft report.

We reviewed the OAS draft report and are in agreement with the findings of the report. We agree that San Angelo Community Medical Center did, unintentionally, bill Oxaliplatin with an incorrect HCPCS Code. We further agree that billing with the HCPCS Code J9263, due to the variance in units billed between C9205 (billed in 5 mg units) and J9263 (billed in 0.5 mg units), resulted in an overpayment of \$233,488.

San Angelo Community Medical Center has submitted a copy of this letter, the prescribed Overpayment Refund form for the FI, the OAS Draft Report A-06-08-00083, and a spreadsheet of the effected accounts to:

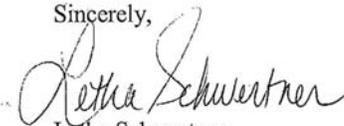
TrailBlazer Health Enterprises, LLC
Medicare Voluntary Refunds
Part A
3101 S. Woodlawn
Denison, Texas 75020

Further, San Angelo Community Medical Center has, in place, processes designed to ensure that units of drugs billed correspond to the units of drugs administered. It should be noted, in this scenario, that the billing units associated to J9263 were correct. However, the facility used the 'J' Code when the 'C' Code transitional pass through should have been used.

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OAS Draft Report A-06-08-00083

We appreciate the opportunity to review the OAS draft report and respond accordingly.
If you have any questions regarding our response, please do not hesitate to contact me at
325-947-6468.

Sincerely,

A handwritten signature in cursive script that reads "Letha Schwertner".

Letha Schwertner
Risk Manager; Ethics and Compliance Officer
San Angelo Community Medical Center

Enclosures