



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Inspector General

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

March 11, 2009

Report Number: A-06-08-00084

Ms. Jerri Clements
Interim Director of Risk and Compliance Officer
Baptist Hospitals of Southeast Texas
P.O. Drawer 1591
Beaumont, Texas 77704
Attention: Risk Management

Dear Ms. Clements:

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 Baptist Hospitals of Southeast Texas for Calendar Years 2004 and 2005." 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 Freedom of Information Act, 5 U.S.C. § 552, OIG reports generally are made available to the public to the extent that information in the report is not subject to exemptions in the Act. 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-06-08-00084 in all correspondence.

Sincerely,

A handwritten signature in black ink, which appears to read "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 BAPTIST HOSPITALS
OF SOUTHEAST TEXAS FOR
CALENDAR YEARS 2004 AND
2005**



Daniel R. Levinson
Inspector General

March 2009
A-06-08-00084

Office of Inspector General

<http://oig.hhs.gov>

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Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, Office of Inspector General reports generally are made available to the public to the extent that information in the report is not subject to exemptions in the Act.

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.

Baptist Hospitals of Southeast Texas (Baptist) is an acute-care hospital in Beaumont, Texas, that has 279 Medicare-certified beds. We reviewed oxaliplatin payments to Baptist for services provided to Medicare beneficiaries during calendar years (CY) 2004 and 2005.

OBJECTIVE

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

SUMMARY OF FINDINGS

Baptist did not bill Medicare for oxaliplatin in accordance with Medicare requirements. On two of the four oxaliplatin dates of service, Baptist actually provided the drug darbepoetin. The individual that billed these dates of service to Medicare accepted a computer-generated suggestion that the oxaliplatin code replace the original code submitted.

For the two remaining oxaliplatin dates of service, the hospital could not support that it had provided oxaliplatin to the beneficiary. Hospital officials could not explain the lack of support for these dates of service.

Baptist received overpayments totaling \$63,131 for the darbepoetin billed as oxaliplatin and the unsupported oxaliplatin services during CYs 2004 and 2005.

RECOMMENDATIONS

We recommend that Baptist:

- return the \$63,131 in overpayments to the fiscal intermediary,

- establish procedures to ensure that drug codes billed correspond to the drugs administered, and
- establish procedures to ensure that services billed to Medicare are adequately documented.

BAPTIST COMMENTS

In its comments on our draft report, Baptist concurred with our findings and recommendations and said that it had returned the overpayments. In 2006, the hospital established a revenue integrity department to reduce and/or prevent errors in billing and documentation. Further, the hospital trains its nursing staff to ensure that each drug administered is properly documented. Baptist's comments are included in their entirety as the Appendix.

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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.

Baptist Hospitals of Southeast Texas

Baptist Hospitals of Southeast Texas (Baptist) is an acute-care hospital in Beaumont, Texas, that has 279 Medicare-certified beds. Baptist'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 Baptist billed Medicare for oxaliplatin in accordance with Medicare requirements.

Scope

We reviewed three claims and the resulting three payments totaling \$63,751 that Medicare made to Baptist for oxaliplatin furnished to hospital outpatients during calendar years (CY) 2004 and

2005. The three claims we reviewed included four oxaliplatin dates of service.

We limited our review of Baptist'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 CYs 2004 and 2005, but we did not assess the completeness of the data.

We performed our audit work from August to December 2008.

Methodology

To accomplish our objective, we:

- reviewed applicable Medicare laws, regulations, and guidance;
- used CMS's claim data for CYs 2004 and 2005 to identify Medicare claims for which Baptist 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 Baptist to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from Baptist that supported the identified claims; and
- repriced incorrectly billed services using ambulatory payment classification groups and the clinical diagnostic laboratory fee schedule 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 findings and conclusions based on our audit objective.

FINDINGS AND RECOMMENDATIONS

Baptist did not bill Medicare for oxaliplatin in accordance with Medicare requirements. On two of the four oxaliplatin dates of service, Baptist actually provided the drug darbepoetin. The individual that billed these dates of service to Medicare accepted a computer-generated suggestion that the oxaliplatin code replace the original code submitted.

Regarding the two remaining oxaliplatin dates of service, the hospital could not support that it had provided oxaliplatin to the beneficiary. Hospital officials could not explain the lack of support for these dates of service.

Baptist received overpayments totaling \$63,131 for the darbepoetin billed as oxaliplatin and the unsupported oxaliplatin services during CYs 2004 and 2005.

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 1, section 80.3.2.2, states: “In order to be processed correctly and promptly, a bill must be completed accurately.”

Section 1833(e) of the Act prevents Medicare from paying for services unless information is submitted to determine the amounts due.

DARBEPOETIN BILLED AS OXALIPLATIN

For two of the four oxaliplatin dates of service, Baptist actually provided the drug darbepoetin to the beneficiary and should have billed HCPCS code Q0137. According to a hospital official, the individual that billed these dates of service to Medicare accepted a computer-generated suggestion that the oxaliplatin HCPCS code C9205 be used. Baptist received overpayments totaling \$31,432 for the darbepoetin billed as oxaliplatin.¹

UNSUPPORTED OXALIPLATIN

For the two remaining oxaliplatin dates of service, the hospital could not support that it had provided oxaliplatin to the beneficiary. Hospital officials could not explain the lack of support for these dates of service. Baptist received overpayments totaling \$31,699 for the unsupported oxaliplatin services.

RECOMMENDATIONS

We recommend that Baptist:

- return the \$63,131 in overpayments to the fiscal intermediary,
- establish procedures to ensure that the HCPCS codes billed correspond to the drugs administered, and
- establish procedures to ensure that services billed to Medicare are adequately documented.

¹In addition to billing oxaliplatin services as darbepoetin, the hospital also could not support another darbepoetin date of service that it included in one of the selected claims. The removal of this unsupported darbepoetin date of service increased the overpayment amount by \$310.

BAPTIST COMMENTS

In its comments on our draft report, Baptist concurred with our findings and recommendations and said that it had returned the overpayments. In 2006, the hospital established a revenue integrity department to reduce and/or prevent errors in billing and documentation. Further, the hospital trains its nursing staff to ensure that each drug administered is properly documented. Baptist's comments are included in their entirety as the Appendix.

APPENDIX

MEMORIAL HERMANN

Breakthroughs every day

February 10, 2009

Mr. Gordon L. Sato
Regional Inspector General
For Audit Services
1100 Commerce, Room 632
Dallas, Tx 75242

RE: Report Number A-06-08-00084

Dear Mr. Sato,

This letter has been drafted in response to the U.S. Department of Health and Human Services, Office of Inspector General (OIG), draft report entitled "Review of Oxaliplatin Billing at Baptist Hospitals of Southeast Texas for Calendar Years 2004 and 2005."

Upon review of the report, Baptist Hospitals of Southeast Texas is in agreement with the findings and consider the recommendations reasonable. In fulfillment of the first recommendation the overpayments totaling \$63,131 have been returned. The second and third recommendations are to establish procedures to ensure that the HCPCS codes billed correspond to the drugs administered and to ensure that services billed to Medicare are adequately documented. Our facility has a revenue integrity department and utilizes code correct software. The revenue integrity department was established in 2006 to reduce and/or prevent errors such as these from occurring. When a code is questionable or a computer generated error message appears, the billers must forward it to the revenue integrity department for investigation and adjustments. The department is also responsible for medical record and charge master reviews to ensure the billed correspond to the drugs administered and that services billed to Medicare are adequately documented. Training is also provided to the nursing staff to ensure that each medication given is properly documented in the medical record.

We are thankful for the opportunity to review the draft report and respond accordingly. If you have any questions or concerns, please contact me at 409-212-7070.

Sincerely,



Jerri Clements
Interim Director of Risk/ Compliance Officer

BAPTIST HOSPITALS

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