



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

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

June 10, 2009

Report Number: A-06-08-00086

Joe Miciotto
Hospital Administrator
Louisiana State University Health Sciences Center
1501 Kings Highway
Shreveport, Louisiana 71130

Dear Mr. Miciotto:

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 Louisiana State University Health Sciences Center 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-06-08-00086 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 (CFMFFSO)
Centers for Medicare & Medicaid Services
601 East 12th Street, Room 235
Kansas City, Missouri 64106
rokcmora@cms.hhs.gov

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF OXALIPLATIN
BILLING AT LOUISIANA STATE
UNIVERSITY HEALTH SCIENCES
CENTER FOR CALENDAR YEARS
2004 AND 2005**



Daniel R. Levinson
Inspector General

June 2009
A-06-08-00086

Office of Inspector General

<http://oig.hhs.gov>

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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 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. No. 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.

Louisiana State University Health Sciences Center (LSU) is an acute-care hospital in Shreveport, Louisiana, that has 436 Medicare-certified beds. We reviewed oxaliplatin payments to LSU for services provided to Medicare beneficiaries during calendar years (CY) 2004 and 2005.

OBJECTIVE

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

SUMMARY OF FINDING

LSU did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, the hospital billed 10 times the number of units actually administered on both outpatient claims we reviewed. LSU received overpayments totaling \$57,852 for the excessive oxaliplatin units it billed during CYs 2004 and 2005. The overpayments resulted from a computer error that billed the incorrect number of units for oxaliplatin.

In response to our review, LSU refunded overpayments related to both claims.

RECOMMENDATIONS

We recommend that LSU:

- ensure that the overpayment amount of \$57,852 was accurately refunded to the fiscal intermediary and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

LOUISIANA STATE UNIVERSITY HEALTH SCIENCES CENTER COMMENTS

In its comments on our draft report, LSU concurred with our finding and said that it has taken corrective action to ensure that future claims are submitted with the correct code and corresponding units of drug. LSU's comments are included in their entirety as the Appendix. However, we omitted portions of the response that contained personally identifiable information.

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LOUISIANA STATE UNIVERSITY HEALTH SCIENCES CENTER COMMENTS	

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. No. 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.

Louisiana State University Health Sciences Center

Louisiana State University Health Sciences Center (LSU) is an acute-care hospital in Shreveport, Louisiana, that has 436 Medicare-certified beds. LSU's Medicare claims are processed and paid by TriSpan Health Services, Inc., the fiscal intermediary for Louisiana.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We identified 18 claims with Medicare payments totaling \$592,217 that LSU received for oxaliplatin furnished to hospital outpatients during calendar years (CY) 2004 and 2005. Prior to

the start of our review, LSU returned the overpayments related to 16 of these 18 claims. We reviewed the remaining two claims, which resulted in Medicare payments totaling \$65,086.

We limited our review of LSU 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 2008 to February 2009.

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 LSU 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 LSU to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from LSU that supported the identified claims;
- calculated the overpayment for one claim using corrected payment information from TriSpan Health Services, Inc.; and
- calculated the overpayment for the other claim by repricing incorrectly billed services using ambulatory payment classification groups and the clinical diagnostic laboratory fee schedule payment information for the billed HCPCS code.

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

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 the 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 OPps. 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 have billed Medicare for one service unit.

MISCALCULATION OF BILLING UNITS

LSU did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, the hospital billed 10 times the number of units actually administered on both outpatient claims we reviewed. LSU received overpayments totaling \$57,852 for the excessive oxaliplatin units it billed during CYs 2004 and 2005.¹ The overpayments resulted from a computer error that billed the incorrect number of units for oxaliplatin.

In response to our review, LSU refunded overpayments related to both claims.

RECOMMENDATIONS

We recommend that LSU:

- ensure that the overpayment amount of \$57,852 was accurately refunded to the fiscal intermediary and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

LOUISIANA STATE UNIVERSITY HEALTH SCIENCES CENTER COMMENTS

In its comments on our draft report, LSU concurred with our finding and said that it has taken corrective action to ensure that future claims are submitted with the correct code and corresponding units of drug. LSU’s comments are included in their entirety as the Appendix. However, we omitted portions of the response that contained personally identifiable information.

¹In addition to billing excessive units of oxaliplatin, the hospital billed too few units of the drug avastin on one of the reviewed claims. Correcting the number of avastin units decreased the overpayment amount by \$2,112.

APPENDIX



School of Medicine in Shreveport
School of Allied Health Professions
School of Graduate Studies

April 17, 2009

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

RE: Report #A-06-08-00086

Dear Inspector General Sato:

Please accept this as our response to the above captioned report related to our Oxaliplatin billing. As documented during the review of the LSUHSC claims, these overpayments were the result of a computer glitch which caused claims to be submitted with an incorrect number of units for the drug Oxaliplatin. We identified this problem through our own internal compliance and made repayment through recoupment far in advance of the government's audit or inquiry. Corrective action was immediately implemented when we identified this issue in 2005 to ensure that future claims were submitted with the correct HCPCS code, and corresponding units of drug.

At the time of the government's audit, it was brought to our attention during this audit that two claims were erroneously omitted from the original refund and it was determined that a refund in the amount of \$57,852 was still outstanding [REDACTED]. The overpayment for [REDACTED] was recouped by Medicare on November 26, 2008. On February 9, 2009 we refunded the remaining \$30,000.00 for [REDACTED] by check.

Thank you for the opportunity to respond to the findings of the government's report. All overpayments related to this incident have been refunded. The supporting documentation is attached for your review.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph M. Miciotto".

Joseph M. Miciotto
Hospital Administrator