



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

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

June 23, 2009

Report Number: A-06-08-00087

Mr. Steve Mackin
President and Chief Executive Officer
Southwestern Regional Medical Center
10109 E. 79th Street
Tulsa, Oklahoma 74133

Dear Mr. Mackin:

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 Southwestern Regional 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 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-06-08-00087 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:

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Consortium for Financial Management & Fee for Service Operations (CFMFFSO)
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Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF OXALIPLATIN
BILLING AT SOUTHWESTERN
REGIONAL MEDICAL CENTER
FOR CALENDAR YEAR 2004**



Daniel R. Levinson
Inspector General

June 2009
A-06-08-00087

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. 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.

Southwestern Regional Medical Center (Southwestern) is an acute-care hospital in Tulsa, Oklahoma, that has 30 Medicare-certified beds. We reviewed oxaliplatin payments to Southwestern for services provided to Medicare beneficiaries during calendar year (CY) 2004.

OBJECTIVE

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

SUMMARY OF FINDING

Southwestern did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, on all 11 outpatient claims that we reviewed, the hospital billed for 10 times the number of units that were actually administered. Southwestern received overpayments totaling \$281,500 for the excessive oxaliplatin units it billed during CY 2004. The overpayments resulted from the existence of two oxaliplatin codes that had different billing unit sizes.

In response to our review, Southwestern refunded \$281,436 to the Medicare Administrative Contractor for the 11 claims, leaving \$64 in outstanding overpayments.

RECOMMENDATIONS

We recommend that Southwestern:

- return the full overpayment amount of \$281,500 to the Medicare Administrative Contractor and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

SOUTHWESTERN REGIONAL MEDICAL CENTER COMMENTS

In its comments on our draft report, Southwestern concurred with our finding and recommendations and said that it has returned the overpayments. In addition, Southwestern said that it has instituted procedures and internal controls, such as creating edits in the billing system, that allow only oxaliplatin unit amounts within a certain range to be billed. Southwestern'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. 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.

Southwestern Regional Medical Center

Southwestern Regional Medical Center (Southwestern) is an acute-care hospital in Tulsa, Oklahoma, that has 30 Medicare-certified beds. Southwestern's Medicare claims are processed and paid by TrailBlazer Health Enterprises, LLC, the Medicare Administrative Contractor for Oklahoma.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We identified 13 claims with Medicare payments totaling \$371,371 that Southwestern received

for oxaliplatin furnished to hospital outpatients during calendar year (CY) 2004. Prior to the start of our review, Southwestern adjusted two of these claims to bill less than 100 units of oxaliplatin. We reviewed the remaining 11 claims, which resulted in Medicare payments totaling \$305,227.

We limited our review of Southwestern'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 2008 to March 2009.

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 Southwestern 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 Southwestern to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from Southwestern that supported the identified claims; and
- calculated overpayments using corrected payment information from TrailBlazer Health Enterprises, LLC.

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 OPSS. 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

Southwestern billed for 10 times the correct number of units on all of the 11 claims that we reviewed for oxaliplatin furnished to Medicare beneficiaries during CY 2004. During 2004, the HCPCS listed J9263, which had a billing unit of 0.5 milligrams, as another code for oxaliplatin services. Southwestern calculated the number of units that it billed to Medicare for the 11 claims based on 0.5 milligrams of oxaliplatin rather than the appropriate 5 milligrams in HCPCS code C9205. Because of this billing unit error, Southwestern received overpayments totaling \$281,500 for oxaliplatin furnished to hospital outpatients during CY 2004.

In response to our review, Southwestern refunded \$281,436 to the Medicare Administrative Contractor for the 11 claims, leaving \$64 in outstanding overpayments.

RECOMMENDATIONS

We recommend that Southwestern:

- return the full overpayment amount of \$281,500 to the Medicare Administrative Contractor and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

SOUTHWESTERN REGIONAL MEDICAL CENTER COMMENTS

In its comments on our draft report, Southwestern concurred with our finding and recommendations and said that it has returned the overpayments. In addition, Southwestern said that it has instituted procedures and internal controls, such as creating edits in the billing system, that allow only oxaliplatin unit amounts within a certain range to be billed. Southwestern’s comments are included in their entirety as the Appendix.

APPENDIX



Adam C. Hall
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June 1, 2009

VIA HAND DELIVERY

Miquel Darcey, Senior Auditor
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Services
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Oklahoma City, OK 73102

VIA U.S. MAIL

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

Re: Southwestern Regional Medical Center's Response to Report No. A-06-08-00087 of Department of Health and Human Services Office of Inspector General Concerning Its Review of Oxaliplatin Billing at Southwestern Regional Medical Center for Calendar Year 2004

To the Above-Described Recipients:

This letter shall serve as the response of Southwestern Regional Medical Center ("SRMC") to Report No. A-06-08-00087 issued by Department of Health and Human Services Office of Inspector General concerning its review of Oxaliplatin billing at SRMC for the calendar year 2004 (the "Report"). The Report details the Office of Inspector General's review of certain Medicare claims in which SRMC improperly billed Medicare for its administration of the cancer treatment drug Oxaliplatin.

SRMC agrees with the findings set forth in the Report and also accepts the recommendations offered in the Report. Specifically, SRMC agrees to the repayment of the amounts set forth in the Report and the institution of internal controls, both as outlined herein. Enclosed with this letter is a check for \$64.00, which, in addition to SRMC's previous payment of \$281,436.00 to the Medicare Administrative Contractor, represents SRMC's complete refund of the total amounts it received as a result of SRMC's inadvertent, erroneous billing for Oxaliplatin. As such, SRMC has satisfied the first recommendation set forth in the Report.

As mentioned in the Report, during the year 2004, CMS had two valid billing codes for Oxaliplatin: (1) the C9205 billing code represented the equivalent of 5 mg of Oxaliplatin; and (2) the J9263 billing code, which was created on January 1, 2004, represented the equivalent of 0.5 mg of Oxaliplatin. The C9205 billing code was valid from July 1, 2003 until December 31, 2005. It is SRMC's opinion that the C9205 billing code reflected in the reviewed Medicare claims is correct; however, a number of the Oxaliplatin units reflected in the reviewed Medicare

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June 1, 2009
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claims were erroneously billed. Therefore, it appears that these errors resulted from the conversion from the C9205 billing code to the J9263 billing code.

In response to the inherent problems associated with the conversion from the C9205 billing code to the J9263 billing code, SRMC instituted the following procedures and internal controls:

1. SRMC created edits in the billing system that allows only designated unit amounts for the J9263 billing code to be billed. If the units are outside of the designated range, the billing process will cease.
2. SRMC's Compliance Department reviews 100% of all Medicare and Tricare/Champus billing.
3. SRMC reviews all billing that is edited out in e-premis to ensure accuracy. Such review includes, but is not limited to, dates of service for CPT and HCPCS codes, quantities and dollar amounts.
4. SRMC conducts quarterly compliance meetings that are attended by the following departments: Administration, Finance, all revenue generating departments, Registration, Health Information Management and Care Management.
5. SRMC provides further departmental education when applicable information is distributed by State and/or Federal agencies or when pertinent articles are released.

SRMC continues to carry out the above-described procedures and internal controls. SRMC instituted these procedures and internal controls prior to the issuance of the Report, and such procedures and internal controls were created as a result of SRMC's own initiative and not in response to the Office of Inspector General's review of the subject Medicare claims. Therefore, SRMC believes that these procedures and internal controls adequately and sufficiently address the remaining recommendation set forth in the Report.

Respectfully,



Adam C. Hall