



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

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

August 27, 2009

Report Number: A-06-09-00030

Ms. Sherry Johnson
Vice President of Integrity Services
University Health System
4502 Medical Drive
San Antonio, Texas 78229

Dear Ms. Johnson:

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 University Hospital for the Period January 1 Through December 31, 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 at (214) 767-8414 or contact Warren Lundy, Audit Manager, at (405) 605-6183 or through email at Warren.Lundy@oig.hhs.gov. Please refer to report number A-06-09-00030 in all correspondence.

Sincerely,

A handwritten signature in cursive script that reads "Patricia Wheeler".

Patricia Wheeler
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 UNIVERSITY
HOSPITAL FOR THE PERIOD
JANUARY 1 THROUGH
DECEMBER 31, 2005**



Daniel R. Levinson
Inspector General

August 2009
A-06-09-00030

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.

University Hospital (University) is an acute-care hospital in San Antonio, Texas, that has 604 Medicare-certified beds. We reviewed oxaliplatin payments to University for services provided to Medicare beneficiaries during calendar year (CY) 2005.

OBJECTIVE

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

SUMMARY OF FINDING

University did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, the hospital billed for 10 times the number of units that was actually administered on all four outpatient claims that we reviewed. University received overpayments totaling \$117,820 for the excessive oxaliplatin units that it billed during CY 2005. The overpayments resulted from confusion related to the existence of two oxaliplatin codes that had different billing unit sizes.

RECOMMENDATIONS

We recommend that University:

- refund the \$117,820 in overpayments to the fiscal intermediary and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

UNIVERSITY COMMENTS

In its comments on our draft report, University concurred with our finding and said that it had refunded the overpayments. The hospital said that it will improve its internal controls through system edits to ensure that this type of error does not occur again. University'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.

University Hospital

University Hospital (University) is an acute-care hospital in San Antonio, Texas, that has 604 Medicare-certified beds. University'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 University billed Medicare for oxaliplatin in accordance with Medicare requirements.

Scope

We reviewed four claims and the resulting four payments totaling \$128,368 that Medicare made to University for oxaliplatin furnished to one hospital outpatient during calendar year (CY) 2005.

We limited our review of University'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 data obtained from the CMS claim data for CY 2005, but we did not assess the completeness of the data.

We performed our audit work from December 2008 to April 2009.

Methodology

To accomplish our objective, we:

- reviewed applicable Medicare laws, regulations, and guidance;
- used CMS's claim data for CY 2005 to identify Medicare claims for which University 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 University to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from University 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

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 OPFS. 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

University billed for 10 times the correct number of units on all of the four claims that we reviewed for oxaliplatin furnished to one Medicare beneficiary during CY 2005. During 2005, the HCPCS listed J9263 as another code for oxaliplatin services. University officials cited confusion regarding the additional code, which had a billing unit of 0.5 milligrams. University calculated the number of units that it billed to Medicare for the four claims based on 0.5 milligrams of oxaliplatin rather than the appropriate 5 milligrams in HCPCS code C9205. As a result, University received overpayments totaling \$117,820 for oxaliplatin furnished to the hospital outpatient during CY 2005.

RECOMMENDATIONS

We recommend that University:

- refund the \$117,820 in overpayments to the fiscal intermediary and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

UNIVERSITY COMMENTS

In its comments on our draft report, University concurred with our finding and said that it had refunded the overpayments. The hospital said that it will improve its internal controls through system edits to ensure that this type of error does not occur again. University’s comments are included in their entirety as the Appendix.

APPENDIX

4502 Medical Drive
San Antonio, Texas 78229



University Hospital

July 21, 2009

University Health
Center – Downtown

University Center for
Community Health /
Texas Diabetes Institute

University Family Health
Center – North

University Family Health
Center – Northwest

University Family Health
Center – Southeast

University Family Health
Center – Southwest

University Health System
Business Center

Report Number: A-06-09-00030

Mr. Gordon L. Sato
Regional Inspector General
DHHS/OIG/Office of Audit Services
200 NW 4th Street, Suite 4040
Oklahoma City, OK 73102

Dear Mr. Sato,

We concur with your findings and have sent payment. We will improve our internal controls to ensure this type of error does not occur again with implementation of an editing system that will flag us when remittance advices indicate that payment was significantly higher than the charge. We currently have such an edit but our threshold was set too high. We will lower this amount. Additionally, we are working on an edit in our pharmacy system that will catch doses that appear outside the range allowable.

Thank you for allowing us to correct this issue.

Respectfully,

Sherry Johnson, CPA, CFE
Vice President, Integrity Services
Integrity/HIPAA Officer
University Health System
4502 Medical Drive
San Antonio, TX 78229
210-358-2193

