



January 20, 2010

Report Number: A-06-09-00032

Ms. Erma Lee
District Compliance Officer
John Peter Smith Hospital
1500 South Main Street
Fort Worth, Texas 76104

Dear Ms. Lee:

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 John Peter Smith 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.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted 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-06-09-00032 in all correspondence.

Sincerely,

/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
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
JOHN PETER SMITH HOSPITAL FOR
THE PERIOD JANUARY 1 THROUGH
DECEMBER 31, 2005**



Daniel R. Levinson
Inspector General

January 2010
A-06-09-00032

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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Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
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Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site.

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.

John Peter Smith Hospital (JPS) is an acute-care hospital in Fort Worth, Texas, that has 429 Medicare-certified beds. We reviewed oxaliplatin payments to JPS for services provided to Medicare beneficiaries during calendar year (CY) 2005.

OBJECTIVE

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

SUMMARY OF FINDING

JPS did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, JPS billed for 10 times the number of units that was actually administered on all 36 outpatient claims that we reviewed. JPS received overpayments totaling \$981,832 for the excessive oxaliplatin units that it billed during CY 2005. The overpayments occurred because there were two oxaliplatin billing codes that had different billing unit sizes and because JPS did not have procedures in place to ensure that units of drugs billed corresponded to units of drugs administered.

RECOMMENDATIONS

We recommend that JPS:

- refund the \$981,832 in overpayments to the Medicare administrative contractor and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

JOHN PETER SMITH HOSPITAL COMMENTS

In its comments on our draft report, JPS agreed with our finding and said that it had refunded the overpayments. JPS also stated that it had revised its processes to ensure that units of drugs billed correspond to units of drugs administered. JPS'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.

John Peter Smith Hospital

John Peter Smith Hospital (JPS) is an acute-care hospital in Fort Worth, Texas, that has 429 Medicare-certified beds. JPS's Medicare claims are processed and paid by TrailBlazer Health Enterprises, LLC, the Medicare administrative contractor for Texas.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We reviewed 36 claims and the resulting 36 payments totaling \$1,067,323 that Medicare made to JPS for oxaliplatin furnished to hospital outpatients during calendar year (CY) 2005.

We limited our review of JPS'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 June 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 JPS 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 JPS to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from JPS 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 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

JPS did not bill Medicare for oxaliplatin in accordance with Medicare requirements. JPS billed for 10 times the correct number of units on all of the 36 claims that we reviewed for oxaliplatin furnished to Medicare beneficiaries during CY 2005. During 2005, the HCPCS listed J9263, which had a billing unit of 0.5 milligram, as another code for oxaliplatin services. JPS billed Medicare for the 36 claims based on the 0.5 milligrams billing unit of oxaliplatin rather than the appropriate 5 milligrams in HCPCS code C9205. JPS changed the incorrect HCPCS code to the correct one but did not correct the number of units. These errors occurred because JPS did not have adequate procedures in place to prevent them. As a result, JPS received overpayments totaling \$981,832 for oxaliplatin furnished to hospital outpatients during CY 2005.

RECOMMENDATIONS

We recommend that JPS:

- refund the \$981,832 in overpayments to the Medicare administrative contractor and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

JOHN PETER SMITH HOSPITAL COMMENTS

In its comments on our draft report, JPS agreed with our finding and said that it had refunded the overpayments. JPS also stated that it had revised its processes to ensure that units of drugs billed correspond to units of drugs administered. JPS’s comments are included in their entirety as the Appendix.

APPENDIX

APPENDIX: JOHN PETER SMITH HOSPITAL COMMENTS



JPS Health Network

January 5, 2010

Report Number: A-06-09-0032

Patricia Wheeler, Regional Inspector General for Audit Services
c/o Warren Lundy, Audit Manager
Office of Audit Services, Region VI
1100 Commerce Street, Room 632
Dallas, TX. 75242

Dear Ms. Wheeler:

Please accept this letter in response to the US Department of Health and Human Services, Office of Inspector General (OIG), draft report entitled "Review of Oxaliplatin Billing at John Peter Smith Hospital for the Period January 1 through December 31, 2005".

The review was conducted to determine whether JPS Health Network (JPS) billed Medicare for oxaliplatin in accordance with Medicare requirements and in a summary of your findings you stated JPS did not bill Medicare for oxaliplatin in accordance with requirements. JPS Health Network agrees with the findings and the calculated sum of overpayments which was determined to be \$981,832.

You recommend that 1) JPS refund \$981,832 in overpayments to the Medicare administrative contractor and 2) establish procedures to ensure that units of drugs billed correspond to the units of drugs administered. JPS conducted an internal review immediately upon notification of the suspected billing issue which resulted in 1) coordination of recoupment and reimbursement on April 6, 2009 and 2) revised processes to ensure units of drugs billed correspond to units administered.

If you have questions or require additional information regarding this response please contact me by email at elee@jpshealth.org, at the address on this letter or by telephone at 817.927.1232. Thank you for the opportunity to provide a response to your review.

Sincerely,

/Erma E. Lee/

Erma E. Lee
District Compliance Officer

Cc: David Salsberry, Chief Financial Officer
Dee Chaisson, Vice President of Finance
Nancy Huyten, Director, Patient Financial Services