



January 11, 2010

Report Number: A-06-09-00050

Mr. Harry Hutchison
VP Finance
Saint Bernards Medical Center
225 East Jackson
Jonesboro, Arkansas 72401

Dear Mr. Hutchison:

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 Saint Bernards Medical Center for Calendar Year 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 Paul Chesser, Audit Manager, at (501) 225-8114 or through email at Paul.Chesser@oig.hhs.gov. Please refer to report number A-06-09-00050 in all correspondence.

Sincerely,

/Patricia Wheeler/
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

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
SAINT BERNARDS MEDICAL CENTER
FOR CALENDAR YEAR 2005**



Daniel R. Levinson
Inspector General

January 2010
A-06-09-00050

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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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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The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

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The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

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Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
at <http://oig.hhs.gov>

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.

St. Bernards Medical Center (St. Bernards) is an acute-care hospital in Jonesboro, Arkansas, that has 378 Medicare-certified beds. We reviewed oxaliplatin payments to St. Bernards for services provided to Medicare beneficiaries during calendar year (CY) 2005.

OBJECTIVE

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

SUMMARY OF FINDING

St. Bernards did not bill Medicare for oxaliplatin in accordance with Medicare requirements for one claim during CY 2005. St. Bernards incorrectly billed for eight 100-milligram vials (160 units) of oxaliplatin rather than four 100-milligram vials (80 units) because of order entry errors. Due to these errors, St. Bernards received an overpayment totaling \$6,453 for oxaliplatin furnished to one hospital outpatient.

RECOMMENDATIONS

We recommend that St. Bernards:

- return the \$6,453 overpayment to the fiscal intermediary and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

SAINT BERNARDS MEDICAL CENTER COMMENTS

In its comments on our draft report, Saint Bernards stated that it had repaid the overpayment and established a procedure to ensure that units of drugs billed correspond to units of drugs administered. Saint Bernards' comments appear as the Appendix. Personally identifiable information has been redacted.

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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.

St. Bernards Medical Center

St. Bernards Medical Center (St. Bernards) is an acute-care hospital in Jonesboro, Arkansas, that has 378 Medicare-certified beds. St. Bernards' Medicare claims are processed and paid by Pinnacle Business Solutions, Inc., the fiscal intermediary for Arkansas.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We reviewed one claim and the resulting \$13,225 payment that Medicare made to St. Bernards for oxaliplatin furnished to a Medicare beneficiary during calendar year (CY) 2005.

We limited our review of St. Bernards' 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 2005, but we did not assess the completeness of the data.

We performed our audit work from February to July 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 St. Bernards 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, or claims with line items where the payment amount was greater than the charges and number of units was at least 100;
- contacted St. Bernards to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from St. Bernards that supported the identified claim; and
- repriced incorrectly billed services using ambulatory payment classification groups 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 this 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

St. Bernards did not bill Medicare for oxaliplatin in accordance with Medicare requirements for one claim during CY 2005. St. Bernards incorrectly billed for eight 100-milligram vials (160 units) of oxaliplatin rather than four 100-milligram vials (80 units) because of order entry errors. Due to these errors, St. Bernards received an overpayment totaling \$6,453 for oxaliplatin furnished to one hospital outpatient.

RECOMMENDATIONS

We recommend that St. Bernards:

- return the \$6,453 overpayment to the fiscal intermediary and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

SAINT BERNARDS MEDICAL CENTER COMMENTS

In its comments on our draft report, Saint Bernards stated that it had repaid the overpayment and established a procedure to ensure that units of drugs billed correspond to units of drugs administered. Saint Bernards’ comments appear as the Appendix. Personally identifiable information has been redacted.

APPENDIX

APPENDIX: SAINT BERNARDS MEDICAL CENTER COMMENTS¹


**ST. BERNARDS
HEALTHCARE**

225 E. Jackson, Jonesboro, AR 72401

Corporate Finance

Telephone: 870-972-4565

October 26, 2009

Office of Inspector General, Office of Audit Services
Patricia Wheeler, Regional Inspector General
1100 Commerce, Room 632
Dallas, Texas 75242

RE: Correspondence Dated September 30, 2009
Report Number, A-06-09-00050
[REDACTED]

Dear Ms. Wheeler,

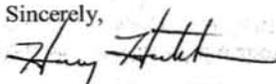
We have reviewed the above reference claim concerning reimbursement for the chemotherapy drug Oxaliplatin (Eloxitan). This information has previously been sent to Mr. Matt Odom on March 9, 2009.

The claim was for [REDACTED], account # [REDACTED]. The corrected claim was mailed on May 5, 2009. Medicare took back the original payment of \$13,224.78 and paid \$6,772.24 on June 10, 2009.

We have established procedures to ensure that units of drugs billed correspond to units of drugs administered. An exception report is created and reviewed daily. A recirculating error file is also used to review and correct charges on a daily basis.

If you have other questions or request clarification, please call me at 870-972-4565.

Sincerely,


Harry Hutchison, CFO

¹The redacted text is personally identifiable information.